

Frugal fashion*Japan's new taste for lower prices*

Page 22

Real-life soap*Pay-TV in Australia*

Page 7

White elephants fly*Fast trains on track in Spain and Germany*

Page 2

Selling space*Bringing rocket technology down to earth*

Page 18



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FINANCIAL TIMES

Europe's Business Newspaper

TUESDAY MARCH 15 1994

G7 ministers start talks to tackle jobs issue

Germany faces the loss of 3m unskilled jobs over the coming eight years. Group of Seven ministers were warned yesterday as they started work in Detroit on a plan to tackle mass unemployment. US president Bill Clinton, opening the two-day summit of employment and economics ministers from the industrialised nations, called on the G7 to tackle bedrock economic issues rather than focusing exclusively on macroeconomic policy and high finance. Page 24

Metallgesellschaft, the troubled German metals group, has cleared an important obstacle to a possible public offering of its controlling stake in Metal Mining, which is listed on the Toronto Stock Exchange. Page 25

Swire Pacific, Hong Kong-based property, aviation and trading group, improved annual profits by 5.4 per cent last year to HK\$4.66bn (US\$633m). Last week Cathay Pacific, Swire's 51.8 per cent-owned airline, reported a 23.8 per cent drop in profits. Page 23

UK unyielding on Ulster talks The British government, responding to new IRA demands for direct talks on Northern Ireland, repeated that there would be no negotiations with the republican Sinn Féin party before an end to violence by the Irish Republican Army. Page 10

Tuzla airport opens An aircraft touched down at the besieged Bosnian town of Tuzla for the first time since May 1992. It carried UN officials preparing for a planned air lift to the city, which is surrounded by Serb forces. Serbs put new price on Bosnia peace. Page 2

Pöhl in chair after boardroom battles

Former Bundesbank president Karl Otto Pöhl was made temporary chairman of Corange in a fierce boardroom battle at the Bermuda-based pharmaceuticals group which is parent company of Boehringer Mannheim, a big German healthcare company. Curt Engelhorn, who owns 24 per cent of Corange, was removed as chairman and replaced by Mr Pöhl, deputy chairman since 1992. The row reflects a strategy shift at Corange since last year's appointment of a chief executive unconnected with the Engelhorn family. Page 25

Anglo-Indian deal signed General Electric of the UK signed a \$50m deal to build a power station in the Indian state of Maharashtra. The signing came at talks in London between British prime minister John Major and his Indian counterpart, Narasimha Rao. Page 8

Threat to plant lifted Suzuki of Japan has dropped its threat to close its subsidiary Santana Motor at the southern Spanish city of Linares, but workers will be told that production will continue only if unions agree to large job cuts. Page 2; Suzuki to take over distribution. Page 3

Liberals victorious Colombia's ruling Liberal Party won 53 of the 102 senate seats in congressional elections, according to official results with over 90 per cent of the votes counted. Page 4

SNCF and British Rail, French and UK railway operators, may demand compensation from Eurotunnel for the delay in the start of freight services through the Channel Tunnel. Page 2

Ford injects £50m into Aston Martin US carmaker Ford has injected £50m of new equity capital into Aston Martin Lagonda, increasing its stake in the UK luxury sports car manufacturer from 75 per cent to 95.5 per cent. Page 22

Mafia boss arrested Italian police arrested Benedetto Capizzi, 49, alleged leader of the Sicilian Mafia. Capizzi had been at large for two years after convictions for being associated with the Mafia and drug trafficking. Page 2

Fears over Philippines volcano Philippines scientists think pressure is building within the country's Taal volcano, which last erupted violently in 1965 when it killed 225 people.

Alleged spy charged A senior Russian arms industry official charged with spying for Britain was named by Russia's Interfax news agency as Vadim Sintsov. He was arrested in January.

Far cry from Bradford The first branch of a British building society opened in Germany when the Bradford & Bingley Bausparkasse started business in Hamburg. Page 2

STOCK MARKET INDICES

FTSE 100: 3,233.4 (+1.5)

Yield: 3.74

FTSE Eurobonds 100: 1,455.59 (+24.94)

FTSE All-Share: 1,632.78 (+1.12)

Nikkei: 20,526.15 (+410.84)

New York Stock Exchange: 3,950.48 (+4.22)

Dow Jones Ind Ave: 3,950.48 (+4.22)

S&P Composite: 466.51 (+0.12)

S Index: 615.65 (+0.71)

US LUXURY RATE

Federal Funds: 3.25%

3-mo Treasury Bill: Yd: 3.575%

Long Bond: 9.12%

Yield: 8.941%

DOLLAR

New York Stock Exchange: 1.59175

FT: 5.26775

SF: 1.49775

Y: 168.15

London: 1.59988 (1.0775)

DM: 1.59988 (1.0775)

FF: 5.341 (1.0775)

SF: 1.4925 (1.0775)

DM: 1.59988 (1.0775)

Y: 168.15 (1.0775)

STOCK MARKET INDICES

Austria: Sch32: 1,362.4 (2.01)

Belgium: Dax 120: 1,256.5 (2.01)

Denmark: 1,250.0 (2.01)

Finland: 1,250.0 (2.01)

France: 1,250.0 (2.01)

Germany: 1,250.0 (2.01)

Ireland: 1,250.0 (2.01)

Italy: 1,250.0 (2.01)

Spain: 1,250.0 (2.01)

Switzerland: 1,250.0 (2.01)

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NEWS: EUROPE

US and Russia agree to disagree

By John Lloyd in Moscow

Russia and the US yesterday acknowledged that the "honeymoon" between them was over and that they were fated to have disagreements. But they also agreed to remain yoked in a partnership which, it was stressed, was one of equals.

This emerged from a one-day meeting between Mr Andrei Kozyrev, Russian foreign minister, and Mr Warren Christopher, US secretary of state, in the far eastern Russian port of Vladivostok.

The meeting came after Russia had expressed anger with what it saw as Nato's failure to consult it about air strikes in Bosnia, differences over the withdrawal of Russian troops from the Baltic states, and a growing swell of opinion in the US that the attempts of the two countries to forge a close partnership is - in the words of Mr Zbigniew Brzezinski, the former US national security adviser - "premature".

Mr Kozyrev said after the talks that Russia and the US were building a "natural relationship" of equals which would survive differences.

Mr Christopher said that "we recognise that as large nations with large interests we are bound to have differences but we pledge to deal with our differences openly".

According to the Russian Information Agency, Mr Kozyrev said Russia wanted a rapid withdrawal of its troops from the Baltic states, but "this will happen only if we agree on a civilised exit [of the troops] and as long as the deportation of the military pensioners is stopped".

The Baltic states, especially Estonia, have protested against Russia linking the withdrawal of the troops - set to be completed by the end of August - with other demands, a stance which has been supported by the main western countries.

Mr Christopher said that Russia welcomed the implementation of the "Partnership for Peace" accord, under which central and east European states, including Russia, could become more closely associated with Nato, short of full membership. However, in a recent article in the daily *Izvestia*, Mr Kozyrev had said that "the Partnership for Peace is not to be thought of as the summit of creation" and that the Nato act in ignoring Russian interests in Bosnia showed that it remained an organisation which excluded Russia.

Mr Pavel Grachev, Russia's defence minister, has postponed a trip and remained in Moscow to ensure reliable control of Russia's nuclear forces while President Boris Yeltsin is on leave. The Defence Ministry said yesterday, Mr Yeltsin earlier in the day left for an unannounced holiday by the Black Sea.

Serbs put new price on Bosnia peace

By Laura Silber in Belgrade and Judy Dempsey in London

Mr Nikola Koljevic, vice-president of the self-styled Serbian republic in Bosnia, said yesterday that the region's Serbs would back a Washington peace plan - which already envisages creating a Bosnian-Croat and Moslem federation - if any Bosnian Serb territory could link up with Serbia proper.

The preconditions, put forward in Belgrade yesterday, are aimed at expanding the proposed federation of Bosnia to a broader confederation encompassing Serbia and Montenegro. In effect, it would reinvent part of the old Yugoslavia.

Mr Koljevic was speaking after holding talks with Mr Vitaly Churkin, Russia's special envoy to the region. But western diplomats in Belgrade said any preconditions could undermine the Washington plan - which is due to be signed in the US on Friday - because Croats and Moslems would not accept any re-invention of the old Yugoslavia.

Croatia's fight for independence was about breaking



US mediator Charles Redman flanked by Bosnian prime minister Haris Silajdzic (right) and Croatian foreign minister Mate Granic after talks in Vienna on the Moslem-Croat federation AP

away from Serb-dominated Yugoslavia.

More importantly, UN and US diplomats in Vienna, who are hosting the Bosnian Croat/

Moslem talks, said the viability of any Croat/Moslem federation would require Bosnian Serbs ceding control of land they hold in the republic to

about 49 per cent. They already control about 70 per cent of the territory and show no signs of giving up any land.

Mr Koljevic said it was "diffi-

Churkin and Mr Charles Redman, the US special envoy to the former Yugoslavia, require consent from President Slobodan Milosevic of Serbia and the Bosnian Serbs, for the federal plan for Bosnia.

The commander of UN troops in Bosnia, General Sir Michael Rose, flew into Tuzla yesterday on board the first aircraft to land at the besieged town's airport in almost two years. Sarajevo radio announced,

Reuter reports from Sarajevo.

Gen Rose and other UN officials inspected airport facilities in advance of a planned airlift of humanitarian supplies to Tuzla, which is surrounded by Serb forces. The airport has been closed since May 1992, when Serb artillery fire damaged runways. Following talks in Moscow earlier this month, the Bosnian Serb leader, Mr Radovan Karadzic, said his forces would allow the airport to reopen. No date has been set.

■ Bosnian Moslem and Croat authorities allowed families long divided by war to meet on front lines at the Bosnian town of Novi Travnik in another step towards normal relations between the sides.

It would mean recognising the republic's borders, as well as disowning the Krajina Serbs who have declared their autonomy in south-western Croatia.

AP

SNCF and BR may act on Eurotunnel delay

By John Riddiford in Paris

SNCF and British Rail, the French and UK railway operators, may demand compensation from Eurotunnel for the delay in the start of freight services through the Channel Tunnel, according to Mr Alain Poinsot, head of SNCF's freight division.

Speaking at a joint press conference with Mr Ian Brown, his British Rail counterpart, Mr Poinsot said that the delay in

the launch of freight operations, which were due to have started yesterday, entailed significant costs both in terms of lost revenues and the uncertainty facing clients.

Mr Poinsot said that the loss of earnings was being evaluated by his company's lawyers. British Rail and SNCF are already involved in a dispute with Eurotunnel concerning the fees for use of the Channel Tunnel rail link.

Eurotunnel has not set a

firm timetable for its services following last month's announcement of delays due to the complex commissioning and testing process. The official opening of the Channel Tunnel will go ahead as planned on May 6.

Despite the desire for compensation, Mr Poinsot said that the delay in services should be put into context. "The tree should not obscure the forest," he said, describing the freight services through the

Tunnel as "revolutionary". Mr Brown estimated that by 1996-1997, the annual volume of freight passing through the tunnel would amount to more than 5m tonnes. About 60 per cent of this would be represented by container traffic.

Automobile shipments are expected to account for 25 per cent of total freight.

According to Mr Brown, the work needed to prepare for the launch of Channel Tunnel freight services had been com-

pleted last weekend. He said that services would be expanded progressively, starting with 10 trains per day in each direction and increasing to 35 trains each way by 1995-1996.

Mr Brown said that the launch of freight traffic services through the Tunnel was of particular importance to British Rail. "The tunnel is a 50km journey, but it joins the UK's 15,000km network to the 240,000km continental rail network," he said, adding that it

would provide an important stimulus to demand for rail freight.

British Rail and SNCF have set up a series of joint ventures to manage and market their Channel Tunnel freight services. British Rail has also adapted parts of its network, including rebuilding 90 bridges between London and the Channel Tunnel, to allow the smooth passage of freight trains to the continental network.

The success of Spain's high-speed train gives hope to the makers of Germany's Transrapid

Madrid-Seville fast rail link heads for profit

By Tom Burns

Billed as a white elephant, the AVE, Spain's high-speed train between Madrid and Seville, is confounding its critics. The AVE almost broke even in its first full year of service and it is set to become one of the few profitable units in the deficit-ridden railway network.

According to provisional 1993 results, the AVE generated income of Pta13.5bn (255m) and reported losses of Pta50m after paying back Pta4.3bn on its plan to acquire the 16 trains it operates, similar to those running on France's Train à Grande Vitesse (TGV) system and built by the same Anglo-French

speculation that surrounded the AVE and what has turned out to be the reality," said Mr José Alberto Zaragoza, the planning chief at the transport Ministry. The decision to build the link, which opened in time for Seville's Expo '92 Universal Exposition, prompted critics to charge that Prime Minister Felipe González had favoured his home town and ignored economic common sense which dictated linking Madrid to Barcelona, twice as wealthy and as large as Seville, and to the French frontier.

The government countered that the AVE had been routed to Seville to prevent the under-developed south decoupling from the richer north and officials dubbed the policy the "Mezzogiorno factor" after the regional imbalances in Italy that Spain wanted to prevent. It was "a very political decision", said Mr Zaragoza.

AVE's success, which has slashed the railway travel time between Madrid and Seville from 5 hours and 35 minutes to 2 hours and 40 minutes, has

underlined the lessons learnt by France's experiment.

● The high-speed train captures the largest share of the travel market. Before AVE went into service, 51 per cent of travellers between Madrid and Seville used a car and 20 per cent went by train; now 39 per cent drive and 44 per cent take the AVE.

● Air travel is particularly penalised by competition from a high-speed train link. Before the AVE, Iberia, the domestic carrier, accounted for 18 per cent of Madrid-Seville travel. This has dropped to 7 per cent and the airline, which has already cut its 71 flights a week between the two cities to 64, plans to reduce them to 52.

● High-speed trains generate new customers. Of AVE users 24 per cent had never previously travelled between Madrid and Seville.

Building on the AVE's success, the Transport Ministry has given the green light to the Madrid-French frontier link, which should be completed by 2003.

Transrapid supporters point out that cows and wildlife are free to graze underneath the track which causes much less disruption than conventional railways. In answer to charges that the train is too noisy, independent experts have recorded just 81 decibels at 300km/h, half the noise generated by the TGV.

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EUROPEAN NEWS DIGEST

Entire Slovak cabinet quits



The entire government of the Slovak republic resigned yesterday, rejecting an appeal by President Michal Kovac to remain in office until an interim government was formed, despite prime minister Vlado Meciar said. Mr Meciar (pictured left) lost a vote of no-confidence in parliament on Friday after months of wrangling with Mr Kovac and defections in his own party. Leaders of nearly all the other parties in parliament said they would meet later yesterday to discuss a nominee to form the new government and a timetable for early elections. Mr Meciar said he would return to parliament as a deputy to lead his Movement for a Democratic Slovakia in opposition. "I'm going back to parliament, and as a deputy I will disclose further facts about the practices of the president," Mr Meciar said. Last Wednesday, Mr Kovac gave a stinging speech in parliament in which he alluded to corrupt practices in Mr Meciar's government. The speech helped trigger the no-confidence vote two days later. *Reuter, Bratislava*

Russian coal strikes subside

Strikes across Russia's coal industry subsided yesterday as miners began to receive wages overdue from December and January. However, thousands of workers have yet to return to the pits and some union leaders are threatening to turn their financial grievances into demands for a new government. Stoppages took place throughout Russia's coal regions last week. They are also seeking \$7bn in state support for the debt-ridden industry. The government has argued that such aid would fuel inflation and put too much pressure on the budget. Moscow is already struggling to keep the deficit down to 10 per cent of gross domestic product this year. Miners' leaders will meet later this week to decide on any further action. *Jill Barstow, Moscow*

Spanish economy brighter

There are signs that Spain is emerging from recession but its welfare system must adapt to survive, Mr Felipe Gonzalez, the prime minister, said. A slowdown in the growth of registered unemployment last month showed that the economy was picking up, he told the *El País* news agency. The improvement would be seen mainly in exports, tourism and construction, he said. Mr Alfredo Pastor, the economy minister, reaffirmed expectations of export-led growth of 1.3 per cent this year against negative growth of 1 per cent in 1993. He hinted there might be room for further interest rate cuts following a half-point cut in the official benchmark rate to 8 per cent earlier this month. Spain's broad M4 money supply fell 8.3 per cent in February. *David White, Madrid*

Norwegian hopes rise

Improved economic fundamentals, easier monetary conditions and private sector financial consolidation have paved the way for sustained recovery of Norway's oil-dependent economy, the Organisation for Economic Co-operation and Development says. However, structural reforms are needed to improve efficiency and reduce the budget deficit. It predicts real growth in gross domestic product of more than 3 per cent in 1994 and nearly 4 per cent in 1995. The economy excluding oil is set to expand by respectively 2.25 per cent and 3 per cent. Unemployment, currently at 6 per cent, is expected to decline only slightly. An extensive overhaul of the labour market is needed as unemployment growth can no longer be stemmed by fiscal stimulus and public sector job creation. *Karen Foss, Oslo*

French struggle to find jobs

Almost three quarters of young French people are so keen to find work that they will take any job they can get, according to an opinion poll published yesterday. The poll for the business daily *Le Tribune* showed that 73 per cent of those aged between 18 and 24 would accept any job. It also showed that 68 per cent said job security was a priority, ahead of an adequate wage or a challenging career. France has an unusually high rate of youth unemployment - one young person in four below the age of 25 is out of work. The government has tried to boost employment among young people with a law allowing employers to pay them less than the minimum wage. *Reuter, Paris*

Iliescu aide suspended

Romania said yesterday President Ion Iliescu's chief military adviser and the country's foreign intelligence chief had both been sacked, amid press reports of a major spy scandal. The popular daily *Evenimentul Zilei* has linked Iliescu aide Lieutenant General Panacea and Major General Gheorghe Diaconescu, head of the Counter-Intelligence Division of the Romanian Intelligence Service (RIS), to a French spy ring. "Gen Panacea was suspended from active duty... I have no information about the newspaper allegations," Premier Nicolae Vacaroin said. *Reuter, Bucharest*

ECONOMIC WATCH

Austria's trade deficit falls

Austria's trade deficit was Schfl1.1bn (\$602m) in January, down 16 per cent from Schfl8.5bn in December, but imports are continuing to outpace exports and the deficit remains much higher than the Schfl1.1bn recorded in January 1993. Both exports at Schfl34.5bn and imports at Schfl35.6bn were higher than a year ago. Private and public consumption remained relatively high throughout Austria's nine-month recession last year, and now that the economy is picking up this is likely to give a further boost to imports. Exports are expected to rise by about 2.5 per cent this year, but analysts expect the trade balance to remain in deficit, with the current account showing a surplus, thanks to earnings from services and tourism. Growth of about 1.5 per cent is expected this year. *Patrick Slom, Vienna*

Norway's trade surplus fell 17.4 per cent to NKR1.55bn (\$433m) in February from NKR4.35bn a year earlier. Imports rose 14.5 per cent to NKR14.35bn and exports were up 6.3 per cent at NKR17.95bn.

Retail sales in the Netherlands edged up a nominal 0.2 per cent in January from a year ago, but were down 1.1 per cent after adjustment for price rises.

Spain's broad M4 money supply fell 8.3 per cent in February from January. Lending to the private sector in the period rose 2.9 per cent.

The Bank of France said its survey of business leaders in February confirmed a trend towards industrial recovery, with improved output expected in all sectors.

French M3 money supply fell 0.6 per cent in January from December, when it fell 1.6 per cent from November. In the three months to January, M3 fell 2.7 per cent from the same period a year earlier, compared with a decline of 1.5 per cent in the three months to December.

Registered unemployment in Poland rose to 16.1 per cent of the workforce in February, from 16 per cent in January.

Pollsters keep eye on Italy's red-belt frontier

Robert Graham visits a microcosm of the country's fast-changing political geography

The medieval city of Viterbo once bristled with 240 defence towers. From its strategic position on the slopes of Mount Cimino, 50 miles north of Rome, Viterbo has historically controlled the main access to the city from northern Italy.

Today Viterbo still serves a strategic function but of a rather different nature. The town and its unspoiled agricultural hinterland represent the southern frontier of the so-called red belt - the swathe across central Italy dominated throughout the post-war era by the Communist party, transformed since 1981 into the Party of the Democratic Left (PDS).

As campaigning moves into top gear for the general elections on March 27, this electoral college of 245,000 voters has become a microcosm of Italy's fast-changing political geography.

The left is struggling to retain its hegemony, the once powerful centre parties are in retreat and the right is pushing up from the south claiming new respectability under the umbrella of media magnate Silvio Berlusconi.

The prime mover has been

vito Berlusconi's Forza Italia movement.

"This has always been the frontier with the red belt where upper Lazio touches the border with Tuscany," says Dr Ferdinando Signorelli, three times senator for the neo-fascist MSI. "Now they and the centre parties are paying the price for having wasted money with such poor results in local administration."

Dr Signorelli, a prominent local surgeon working in a private clinic, cites the example of Viterbo's new state-run regional hospital. It was started in 1970 and since 1980 has been left unfinished at a cost of L1.8bn (£72m).

Mr Signorelli is of the old school, proud to talk of Mussolini's achievements in health care and paying little heed to the two month-old metamorphosis of the MSI into the National Alliance. He claims he is sufficiently known to spend little on his campaign for the one senatorial seat of Viterbo backed by Forza Italia.

Mr Berlusconi's movement first appeared on the scene in this town last November. In four months over 40 Forza Italia support clubs have been set up in and around Viterbo. The technique has been the same as elsewhere in Italy.

The prime mover has been

Publicitas, the advertising arm of Mr Berlusconi's Fininvest media holding. The network of Publicitas' representatives and contacts has been used to recruit Forza Italia members, often through Lions and Rotary clubs.

A dentist from a well-known local family, Mr Giuseppe Lazarini, was persuaded to enter politics as the Forza Italia flag-bearer. He is now contesting one of two Viterbo seats in the chamber of deputies backed by the National Alliance.

Mr Berlusconi has never visited the region to spread his promises of creating jobs and preventing the wicked left from entering government. He does not need to. His message

and catchy Forza Italia's campaign song came here via the television.

The right has had a strong niche in Viterbo ever since Mussolini established it as a separate province in 1927.

But since 1948 the Communist party either held power alone or shared it discreetly in local administrations with the parties in the national government. This state of affairs continued after the Communists transformed themselves into the PDS in 1981.

After provincial elections last June, it looked as though the PDS had once again proven its superior organisation. A PDS-led alliance with other left-wing parties won 63 per

cent of the vote. The Christian Democrat and Socialist vote slumped, while support for the MSI almost doubled to nearly 20 per cent.

The threat of the PDS-dominated Progressives repeating this triumph in the general elections has provoked a backlash which in turn has helped polarise local opinion. The Christian Democrats split in January with the mainstream forming the Popular party (PPI) and part of it, the newly baptised Christian Democratic Centre, allied with Forza Italia and the National Alliance.

"We feel squeezed in the centre," says Mrs Luisa La Malfa, an educationalist running for the chamber of deputies for the

allied central grouping of the PPI and Mr Mario Segni's Italian Pact.

"The traditional catholic electorate is confused. The rural vote we will hold up for us, but for the rest we have to rely on people mistrusting the left and finding the now right distasteful," says Mrs La Malfa, the sister of Mr Giorgio La Malfa, leader of the small Republican party.

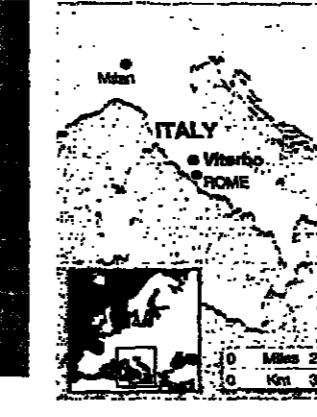
She feels possessing an easily identifiable name is a clear help, but she also believes local issues are important. The main local issue is the extent to which Viterbo should be drawn into Rome's commuter orbit.

There is also a big environmental problem. The fate of the power station at Montalto di Castro near Civitavecchia blocked by the 1987 nuclear power referendum - has put the Greens at odds with their allies, the PDS. Here as elsewhere, the PDS also enjoys an uneasy relationship with the hardline communists who split to form Reconstructed Communism.

All this suggests a closer contest than in the provincial elections of June. The PDS has been placed on the defensive; and if the right does well here and captures a seat in the chamber it will mark a big shift in political allegiance.



Silvio Berlusconi: no need to visit the region



Italy

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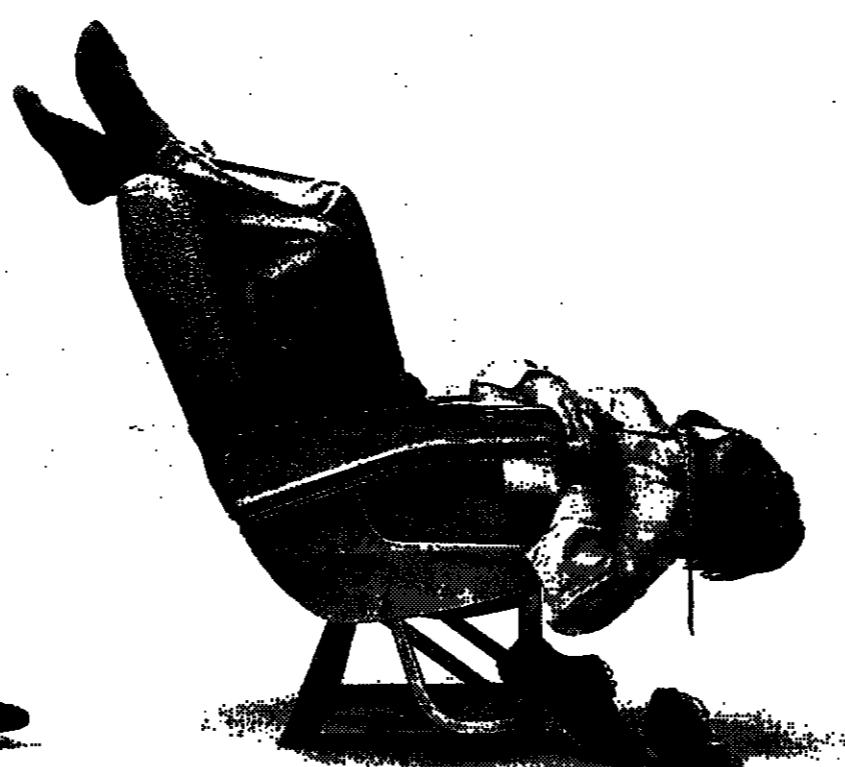
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1982



1985



1989



1990



1994

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Battle for Australian pay-TV worthy of the medium

Nikki Tait on a struggle between the media heavyweights and the underdogs for satellite broadcasting licences

The convoluted power games surrounding the introduction of pay-TV in Australia would do credit to any television soap opera.

On one side are the nation's media heavyweights, including Mr Rupert Murdoch's News Limited and Mr Kerry Packer's dominant Nine Network, as well as Telecom, the giant state-owned telecommunications group. They are joined by Network Ten and Seven Network, two other commercial TV stations, in a consortium known as PMT.

On the other are a couple of fledgling companies and joint ventures which - to everyone's surprise - have ended up as leaders of two satellite broadcasting licences.

The big guns want to overturn those licence awards and headed into court last month, on the grounds that the authorities did not comply with the bid guidelines, to try to do so. But government ministers appear to have stepped in - perhaps aware that the pay-TV saga does nothing for Australia's image and reportedly concerned that one state agency (Telecom) was suing another (Australian Broadcasting Authority, which awarded the licences). On Friday, via a five-minute court hearing, the consortium's action was withdrawn.

For one of the licence holders, the recently floated Australis group,

this is a huge relief. Had a legal wrangle developed, its imminent fund-raising plans, expected to involve about A\$200m (£98.5m), could have been jeopardised.

But while the underdogs may have won the latest battle, the real question is whether they have won the war. Analysts, looking at the opposition's clout, are doubtful.

"Murdoch and Packer are not likely to let Australis steal their market," says Mike Magnan, at Prudential Securities.

In theory, Australia's 18m inhabitants should be a ready market for subscription services. Disposable income is high and TV-watching is an ingrained habit. About 60 per cent of households have two televisions, according to a survey by the Australian Broadcasting Authority. About 83 per cent own a video recorder.

But, for various reasons, pay-TV never got a look-in during the 1980s. This spared the nation's existing commercial networks any threat to their revenues. Only in 1991 did the Labor government lift a moratorium on subscription services.

Even then, it took another two years, and furious political jockeying, before a system for allocating satellite licences was devised. A two-channel licence was reserved for the state-owned Australian Broadcasting Corporation (the C



Kerry Packer (left) and Rupert Murdoch: outbid for four-channel licences

licence). Two other four-channel licences (A and B) were put up for auction last April.

The A licence was subject to stringent cross-media ownership rules and designed to attract new entrants. The B licence, by contrast, was expected to go to the newly formed alliance between Messrs Murdoch and Packer and Telecom.

But PMT was outbid, and the A and B licences ended up in the hands of two largely unknown companies, UCOM and New World Telecommunications. Behind both was a Lebanese-born computer distributor, Mr Albert Hadid.

At the end of 1993, Mr Hadid sold the B licence on to Australis Media, acting in conjunction with Lenfest, a US-based cable company. The A licence, meanwhile, went to a joint venture between Continental Venture Capital, an Australian invest-

ment company, and Century Communications, another second-league US cable operator.

With a legal challenge to Australis in effect now ruled out, observers are wondering what cards PMT, or its members individually, will play next.

There are some areas that will be closely watched. First, Australis has yet to tie up any programming. Second, its plan envisages that satellite services will be delivered into most homes via microwave delivery system (MDS) which cuts out the need for a satellite dish.

This latter element could prove a problem in the short term, given that Mr Bob Collins, the former communications minister, decided last year that MDS delivery of pay-TV should be banned until after the satellite system was up and running. Australis says that there is nothing to stop the ABA doing preparatory work on MDS delivery approvals, and then giving the green light simultaneously with the satellite launch.

But even if these issues are put to one side, it seems that the PMT pressures on Australis are likely to increase. Most immediate, for example, is the danger that other technologies for delivering pay-TV will steal a march or at least woo the most accessible consumers and create enough confusion to make satel-

lite marketing difficult.

Only days after the PMT lawsuit was filed, a company called Cable Television Services announced a deal with Telecom which, it claimed, "would launch Australia's first pay-TV service in July 1994".

CTS is headed by Mr Lynton Taylor, a former senior executive at Mr Packer's Nine Network. He was chairman of the PMT consortium until November. CTS's plan is to deliver a 10-channel service via a cable network provided by Telecom. Much of this is in place, with fibre-optic cables extending to the local exchanges, although Telecom would have to cable the final stretches for a satellite dish.

CTS says it has finalised programming agreements with Turner Broadcasting in the US, giving it non-exclusive rights to CNN, the Turner Carlton Channel, and TNT, the movie channel.

However, it will be months or years before most Australians see any benefit. Pressed for details, Telecom says the plan is to hook up five high-density Sydney suburbs by the July launch date, bringing the CTS service to perhaps 6,000 homes at the outset. Even on the CTS forecasts, this cable network will reach only 1.1m homes, a fifth of the nation's households, in three years' time.

Telecom says that it is in discussions with various other would-be cable operators. "There's a high probability that some additional agreements will be reached, although only two others are of the size of CTS," says Mr Ross Kelso, manager of the regulatory and technology aspects of Telecom's pay-TV strategy.

The telecoms group is also talking about running trials of an alternative ADSL (asymmetric digital subscriber line) cable system in 1995 on a commercial basis. This would send video images down existing copper wires into the home. If successful, this might be a cheaper and easier way of delivering subscription services to outlying areas.

For some observers, then, the final outcome of Australia's pay-TV battle is plain: PMT, or its members, will end up making life so difficult for Australis, that either the company, or its B licence, will eventually end up in the consortium's hands.

Mr Magnan, for example, agrees that this is a likely outcome - "but not at these prices", he warns.

For consumers, meanwhile, the upshot is an array of possibilities, many promises but no service yet. Two decades after pay-TV became available in the US, Australia - home to some of the world's best-known media moguls - is still waiting.

N Korean nuclear inspection completed

Experts from the United Nations nuclear safeguards agency have completed their inspection of North Korea's declared nuclear sites and will leave Pyongyang today, the agency said yesterday, Reuter reports from Vienna.

International Atomic Energy Agency (IAEA) spokesman Mr David Kyd refused to say whether the inspections had been a success.

"Certain restrictions were placed on what they could do at one or two locations and it's a question of how seriously these will be viewed," he said.

The US has made unimpeded IAEA inspection of the seven declared sites a condition for holding high-level talks with the North Koreans in Geneva at the end of next week.

The talks were part of a package negotiated by the US, North Korea and South Korea to defuse tensions on the Korean peninsula and stop North Korea from proceeding with a nuclear arms programme.

If the IAEA's six-man inspection team reports it was prevented from carrying out a meaningful examination of the nuclear facilities, the deal could be in danger.

New Zealand balances books

The New Zealand government expects to balance its books in the financial year to March 31, Minister of Finance Bill Birch said yesterday, writes Terry Hall from Wellington.

Last October, the government forecast a deficit of NZ\$1.9bn (£885m) this year, and balanced by 1996. However, tax revenues were running NZ\$200m higher than expected. Mr Birch said, while government spending was NZ\$250m less than forecast, he predicted a surplus of NZ\$300m next year.

Togo opposition wins election

Opponents of Togolese President Gnassingbe Eyadema won a majority in parliamentary elections, limiting presidential power and obliging Mr Eyadema to appoint a prime minister from the ranks of his rivals, Reuter reports from Lome.

Results of last month's polls, announced yesterday by Togo's Supreme Court, gave Mr Eyadema's Togolese People's Assembly and its allies 38 of parliament's 81 seats, while the rival Action Committee for Renewal and Togolese Union for Democracy won 43 seats between them.

Business monthly for Vietnam

Swiss publisher Ringier yesterday launched Vietnam's first English-language monthly business magazine, Reuter reports from Hanoi.

The Vietnam Economic Times, which focuses exclusively on doing business in Vietnam, was launched with an initial print run of 16,000, half of which would be circulated abroad, Ringier said. Ringier's partner is the Vietnamese Association of Economists, with which it publishes the Vietnamese-language weekly Vietnam Economic Times.

Chinese bring business to new Vietnam

Would-be refugees are now exporters, Iain Simpson writes

Ten years ago, Vuu Kai Thanh spent his life trying to find a way out of Vietnam for himself and his family. He failed to do so, but now is one of the most successful entrepreneurs in the country.

Mr Thanh, an animated, gold-toothed man in his mid-40s, runs Binh Tien Inex Corporation, which is universally known as BTI's after the shoes the company manufactures.

Binh Tien was set up in 1982 with 30 workers in two small workshops churning out rubber sandals for export to eastern Europe.

Now, 11 years later, Binh Tien is worth \$15m (£8.3m) and produces some 8m pairs of footwear exported all over Asia and to the rest of the world.

In the late 1970s, Mr Thanh wanted to leave Vietnam because he is ethnically Chinese and at that time the government was making a serious effort to force all ethnic Chinese people out of business. A few years later, the situation changed and he decided to stay.

"I could have left in 1986 because my brothers and relatives abroad sponsored me and I was ready," he says.

"But then I changed my mind because I saw better opportunities in Vietnam due to the open policy of the government, so I stayed."

Now, his brothers are coming back. Some have invested in other projects in Vietnam; others are working to set up representative offices for BTI's in the US as soon as the economic embargo is lifted.

Cho Lon, the Chinatown of Ho Chi Minh City, became a

means "Vietnamese-Chinese Construction" and he has just been instrumental in establishing the Viet-Hoa Bank.

Viet-Hoa Construction was formed five years ago to build the An Dong Centre, a five-storey market and retail complex with a hotel on top.

The project was intended as a token of the ethnic Chinese community's faith in Vietnam's economic reforms and all the investors in the project are ethnic Chinese.

The first development was so successful that the group is now building An Dong Two on a site next door. This time, the plans are much less modest.

An Dong Two will be a 22-storey block built of steel and glass, and will, Mr Nguon says, be the most spectacular building in Cho Lon.

The company is also developing several other commercial sites, as well as building a series of residential blocks in a joint venture with a Taiwanese construction company.

Like his counterpart at BTI's, Mr Nguon stayed in Vietnam when his relatives and friends were queuing up to leave.

After modest beginnings in manufacturing, he too has become a successful entrepreneur in Ho Chi Minh City and is acting as an adviser to overseas Chinese and Sino-Vietnamese who are interested in returning to invest in the country.

"I have met a lot of friends who lived here, then went abroad but have now decided to come back and invest here," Mr Nguon says.

"This is because there is an economic decline in the countries where they are now living. So they want to invest here again, where the economy is growing fast."

Estimates of the wealth that was lost, hidden or smuggled out of the country by ethnic Chinese people in the 1970s vary widely, but there is no doubt it runs into the tens of millions of dollars.

Slowly and, in most cases, quietly, a great deal of that money is now being put back to productive use.

Unions cut links with Hosokawa partners

By William Dawkins in Tokyo

A fresh crack appeared in the structure of Japanese politics yesterday, when four unions, representing 1.8m voters, cut links with the Social Democratic party.

This opens the way for more switching of alliances in Prime Minister Morihiro Hosokawa's seven-party coalition, in which

the Socialist party is the largest member. The unions, representing teachers, municipal, telecom and postal workers, are members of the 8m-strong Rengo union federation, which has always backed the SDP.

Unions say they want the freedom to support liberal politicians from the coalition and opposition Liberal Democratic party, to help create a new

centre-left grouping. This is a stage in the realignment of Japan's politics pushed on by the recent parliamentary passage of plans to reform the political system. The coalition and LDP are expected to evolve into two to three groupings to fight a general election under the new rules late this year or early next.

The LDP yesterday

relaunched its campaign to destabilise Mr Hosokawa. It is blocking parliamentary debate on next year's budget until he fully discloses alleged dealings with Sagawa Kyubin, a trucking company involved in a political corruption scandal.

Mr Hosokawa has admitted he borrowed Y100m (£641,000) from Sagawa 10 years ago, but repaid this with interest by

1991. He denies LDP allegations he illegally used the cash in an election, and says this was a private loan.

The LDP budget blockage is causing disquiet at the Finance Ministry, which has warned it may not be able to deliver Mr Hosokawa's recent tax cuts without a budget for the fiscal year starting at the end of this month.

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NEWS: WORLD TRADE

Kumagai sells stake in Thai expressway

By Victor Mallet in Bangkok

A dispute between Kumagai, the Japanese construction company, and the Thai authorities over a \$1bn (£660m) elevated motorway in Bangkok was resolved yesterday when a consortium led by Thai investors bought Kumagai's 65 per cent stake in the project.

The dispute had cast a shadow over other proposed Thai infrastructure projects because Kumagai and international banks financing the toll-road accused the Thais of breaching the revenue-sharing contract and effectively nationalising the road as soon as Kumagai had built the first 20km section.

Full details of the accords signed yesterday were not released, but executives from both sides said a consortium led by Ch. Karnchang, a Thai construction company with close links to the armed forces, was buying Kumagai's equity in the Bangkok Expressway Co

(BECL) for about Bt3.5bn (£93m).

They also said the new partners in BECL would pay off the dissatisfied international banks immediately, releasing them from the project in accordance with their demands, and would pay unpaid creditors - including construction companies and materials suppliers - as soon as possible.

Kumagai executives put a brave face on yesterday's deal, although at best the company is likely to have broken even on the project after five years of work. Higher than expected traffic on the road, boosted by congestion on the streets of Bangkok below, has now made the project into a cash cow.

Ch. Karnchang executives were jubilant following weeks of negotiations to secure support from Thai banks and finance companies. They plan to build a further 10km of the road by October 1995 and to list BECL on the local stock exchange as soon as possible. a

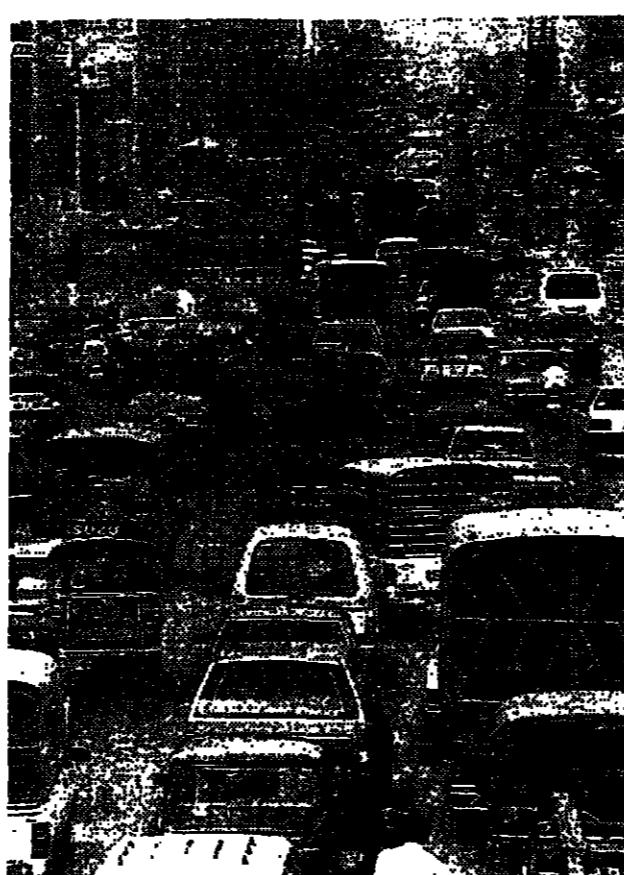
move that will probably mean substantial capital gains for the new shareholders.

Replacing Kumagai as project manager is a new joint venture including Ch. Karnchang, its partner Tokyu Construction of Japan, and Bilfinger and Berger of Germany; they will also be shareholders in BECL.

The foreign banks, including National Westminster, Crédit Lyonnais, the Asian Development Bank and several Japanese banks, previously said were owed about \$145m.

"The money is to be remitted tonight," said Mr Athueck

Asvazund of legal firm Baker and McKenzie, which drafted yesterday's agreements for Ch. Karnchang. He said the next section of the road would be financed by Thai banks, "but in the future the company [BECL] would invite foreign banks". He added: "The creditors will be paid but not tomorrow... We need contractors and contractors need us. Everyone is happy."



Heavy traffic in Bangkok snarls around excavation work during construction of part of the Thai capital's new \$1bn expressway

GEC will build \$1.5bn power station in India

By Stephanie Gray

GEC, the big UK industrial group, yesterday signed a memorandum of understanding worth \$1.5bn (£1.02bn) to build a 1,000MW coal-fired power station in Maharashtra state, India. It will also take a \$100m equity stake in the project which will sell power to the state electricity board.

The memorandum was one of three signed yesterday after Mr P.V. Narasimha Rao, India's prime minister, saw Mr John Major, his British counterpart, in London to review the year-old Indo-British Partnership Initiative (IBPI) established when Mr Major visited India with a group of business men in January 1993.

Rolls-Royce signed a memorandum of understanding to transfer transformer technology to Kirloskar Electric of Bangalore, and GPT, the tele-

coms equipment joint venture between GEC and Siemens, signed one for a communications contract in Bombay.

Britain is India's largest investor with assets of more than £2bn. Co-chairmen of the IBPI told a news conference that it had led to a 26 per cent increase in UK exports to India and a 20 per cent rise in imports from India.

The two countries also signed an investment protection agreement, including intellectual property rights. The UK is the first country with which India has signed such an agreement.

The accord, aimed at nurturing the IBPI - extended for a further year from the original one year - offers two-way protection for a wide range of investments including moveable and immovable property, mortgages, liens, pledges, shares and stocks.

Mr Robert Evans, chairman of the British side, said that while the latest Indian budget had been welcomed, there remained reservations in the areas of transfer of capital, industrial relations, the tax regime and intellectual property rights.

Dr Jamshed Irani, the Indian chairman, welcomed the initiative's success and denied that there had been complaints from some smaller Indian companies about the inequality of the relationship with British partners.

• Nucem-Weir, a joint venture between India's Nucem Plastics and Weir Westgarth of the UK, is entering the rapidly-growing bottled drinking water market in India, Andrew Baxter writes. They will build a water purification and bottling plant at Nucem-Weir's headquarters in Faridabad.

Negotiations on China's application to rejoin the General Agreement on Tariffs and Trade resume today, but trade diplomats said yesterday they expected little progress during the four-day meeting. The latest stand-off between the US and China over human rights made a breakthrough unlikely.

With the US continuing to threaten non-renewal of China's most-favoured-nation status because of lack of progress on human rights issues, US trade officials in Geneva were in no position to offer China the prospect of early Gatt membership, officials said.

The tense relationship between Washington and Beijing has repeatedly dogged China's Gatt membership talks, which began in 1987. They came to a halt after Beijing's suppression of student demon-

China-Gatt talks to resume today

By Frances Williams in Geneva

strations in 1989, and have since limped along in half-hearted fashion.

However, China is now extremely anxious to speed up the talks with the aim of joining Gatt by the end of the year, enabling it to become a founding member of the new World Trade Organisation which will succeed Gatt in 1995.

This aim is backed in principle by most Gatt members, including the European Union, and supported by Mr Peter Sutherland, Gatt director-general, who wants the WTO to have near-universal membership. Sir Leon Brittan, EU trade commissioner, has said trade and human rights should be dealt with separately.

The US side is hailing the agreement as a model that could be used to resolve other bilateral trade disputes. For US negotiators who have been angered by Japan's refusal to agree to measurable indicators in opening the country's markets to imports, the Gatt-Motorola deal contains just about everything they have been calling for.

There are concrete figures - Gatt has consented to build 150 additional base stations in 1995, and have since limped along in half-hearted fashion.

The Japan that insists it can say Yes

Michiyo Nakamoto on satisfaction in Washington and embarrassment in Tokyo at cell phone deal

The young sales lady at the IDO Plaza in central Tokyo reached over the counter to pick up a mobile phone from a row of nearly a dozen, mostly Japanese, models the company offers.

She chose a Motorola Microtel.

"If you are thinking of subscribing to a cellular phone service, we have two systems you can choose from," she said, brandishing the Motorola.

Whatever the complaints about uneven access to Japan's cellular phones market the US may have had, in the shops where Motorola's handsets sit side by side with those of Japanese makers, the trans-Pacific argument over mobile phones that has become a US crusade to open Japan's markets, seemed over.

"We think (the agreement) ends a long 10 years of frustration," Mr Walter Mondale, US ambassador to Japan, said yesterday. "We believe that both Motorola and IDO are pleased with it and that it is good news for the Japanese consumer."

In Japan, however, officials have found themselves desperately fighting any suggestion that the government had caved in to US demands.

Neither has IDO managed to hide its unhappiness with the deal. "The agreement is not all positive," Mr Toshio Enomoto, vice president of IDO said in reference to the enormous capital investment the company is being forced to make in Motorola equipment - up to Y60bn (£380m) from a planned Y27bn.

And while Japanese officials were at pains to explain that the agreement would not set a precedent for other bilateral trade deals, the US side is already pointing to the deal as a model for others to come.

By showing what can be achieved when decisions are made at high government levels, when the two sides get practical and results-oriented, the agreement provides a lesson for "how to proceed on other matters", Mr Mondale said.

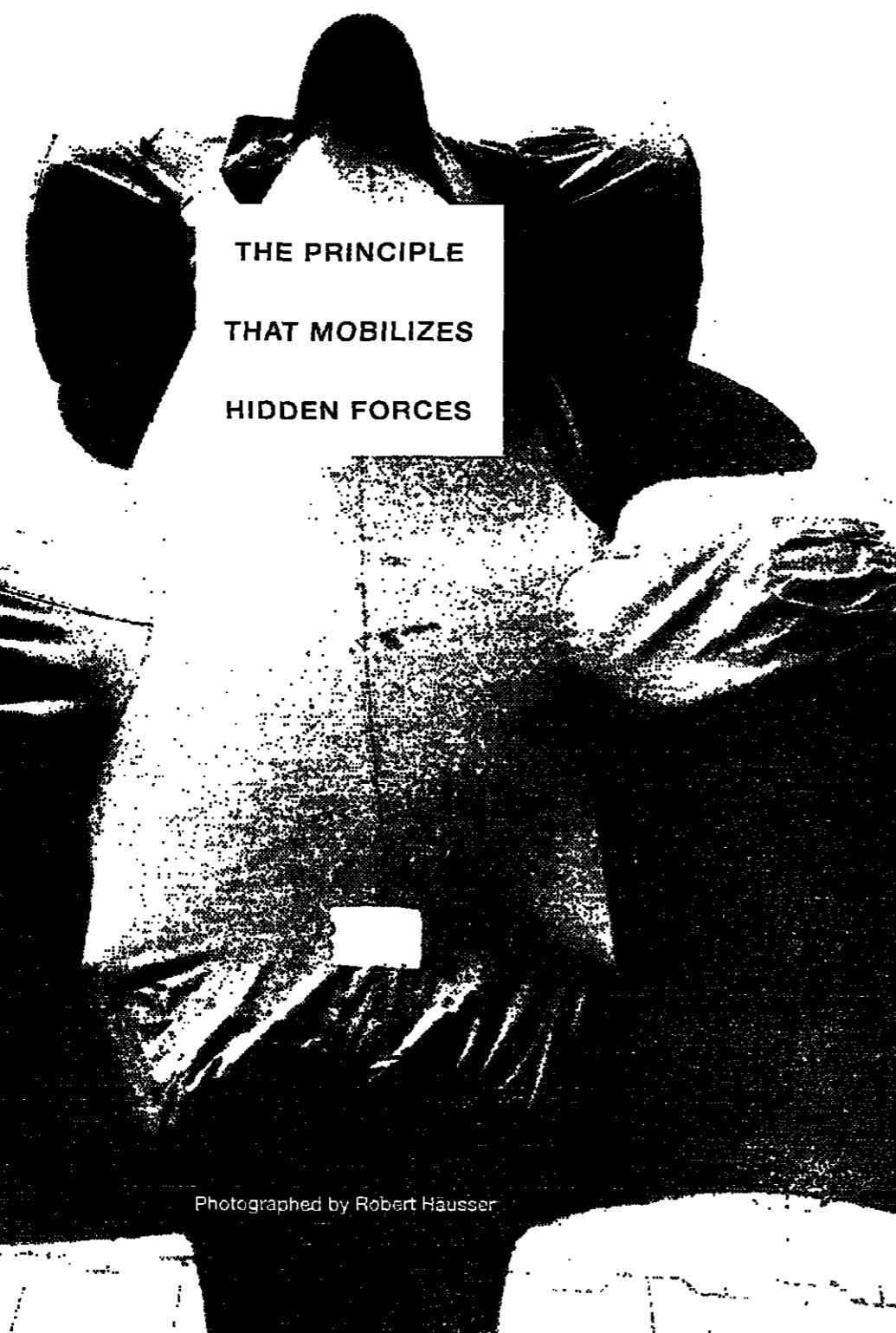
If that is the lesson the US learned from the agreement, Japanese concerns that it has set a risky precedent could prove well founded.

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Photographed by Robert Haussner

Emergency law set to clarify receivership ruling

By Kevin Brown and Andrew Jack

The UK government is to bring in emergency retrospective legislation to reverse an appeal court ruling which threatened tens of thousands of jobs at companies in receivership or administration.

Mr Michael Heseltine, secretary of state for trade and industry, told the House of Commons yesterday that a bill would be introduced "as a matter of urgency" to remove uncertainty caused by the court ruling.

Mr Howard Davies, Director General of the Confederation of British Industry, said: "If Mr Heseltine had not stepped in with the promise of immediate legislation hundreds more companies would have gone out of business, and thousands of their workers would have lost jobs."

The statement follows two weeks of intensive lobbying by insolvency practitioners, who had already begun to lay off staff at insolvent companies rather than risk incurring additional employment costs.

Their action was triggered by a controversial ruling involving Paramount Airways, the charter airline which is in administration under the 1986 Insolvency Act.

The court ruled that where administrators or receivers continue for more than 14 days after their appointment to employ staff and pay them, they are in effect liable for employees' holiday entitlements in lieu of notice, and other responsibilities under their existing contracts.

Under the emergency legislation, administrators and receivers will be able to adopt restricted contracts of employment, excluding employment costs other than wages, salaries and pension contributions.

Other liabilities arising from employees' original contracts will remain, but would be treated as an unsecured claim against the company.

However, the legislation will do nothing to reduce the impact of the appeal court ruling on companies

already in receivership or administration, including Paramount itself.

The creditors of the company met yesterday and are believed to have tentatively agreed to take their case to the House of Lords on condition that most of the legal costs are paid by the insolvency profession.

Mr Heseltine said the practice of administration had been "placed in jeopardy" by the court judgement, "with all that that means for jobs, commercial activity and business confidence."

Trade and industry department officials are working full time on the bill, which has opposition support and is expected to become law within two weeks.

Under rarely-used emergency procedures it will go through all its stages in both houses in 24 hours and take effect retrospectively from midnight last night. Administrators who are in the first two weeks of their appointment will benefit from the new rules if they delay acceptance of contracts until today.

£4m plan for English language teaching

By Raymond Snoddy

Four British organisations yesterday launched a £1m campaign to teach the English language to millions of people all over the world.

The core of the Look Ahead campaign is a new 80-part series of television programmes backed up by 60 complementary radio programmes and self-study and classroom materials.

The Look Ahead television and radio programmes aim to build on the success of the BBC's *Follow Me* series which was broadcast in over 70 countries and in China alone had an audience of more than 500m viewers.

The Look Ahead project brings together The British Council, BBC English - the English language teaching department of the BBC World Service - publishers the Longman Group - part of Pearson (owners of the *Financial Times*) and the University of Cambridge Local Examinations Syndicate.

Worldwide, more than 300m people speak English and 700m use it as a second or foreign language.

According to Look Ahead, over two thirds of the world's scientists publish in English and 80 per cent of the world's electronic information is stored in it.

An estimated 1bn people will want to learn English or improve their ability in the language between now and the year 2000 - a global industry worth £500m a year to the UK alone.

Mr Roger Bowers, director of professional services at the British Council said the initiative would enable a student in Brazil following the classroom course to take an international examination or a teacher in China watching the television programmes "to open a window on the wider world for her students." The Council is represented in 101 countries worldwide.

Look Ahead was launched yesterday by Prince Charles in his capacity as vice-patron of the British Council.

'Factory gate' figures revive rate cut hopes

By Philip Coggan, Economics Correspondent

Hopes of further cuts in UK base rates were revived yesterday by figures showing that inflationary pressures remain subdued.

Output, or factory gate, prices of home sales of manufactured products rose by 3.3 per cent in the 12 months to February, compared with an increase of 3.7 per cent in the year to January.

The news helped sentiment on the stock market, where the FTSE 100 index climbed 41.5 points to close at 3,233.4. Shares were also buoyed by Friday's rise on Wall Street and a strong performance on the European markets. Gains were encouraged by the figures, with the June long gilt future closing half a point higher. However, bond markets remain nervous ahead of this week's US inflation data, which some dealers fear might prompt the Federal Reserve to signal an increase in interest rates again.

Producer price statistics are generally seen as a good indicator of the future path of retail price inflation and yesterday's figures were better than expected. The Central Statistical Office said output prices rose by an unadjusted 0.1 per cent between January and February, compared with a consensus forecast of 0.3 per cent.

If the volatile elements of food, drink, tobacco and petroleum are excluded, output prices rose also by a seasonally adjusted 0.1 per cent between January and February. The annual growth in this measure seems an indicator of "core" inflation - it was just 2.4 per cent, down from 2.6 per cent in January. Furthermore, the core rate appears to be falling. On an annual basis, prices over the three months to February were just 1.2 per cent higher than in the previous three months.

Mr Adrian Cooper, UK economist at James Capel, said the figures indicated that "disinflation is very broadly spread across the manufacturing sector as a whole". He added that the figures represented a "necessary, but not sufficient condition" for a further interest rate cut, which was likely to be triggered by signs that April's tax increases were slowing the recovery.

The market was also cheered by news of continuing declines in manufacturers' costs. Input prices - the prices of fuel and raw materials bought by manufacturing industry - rose 0.3 per cent, on a seasonally adjusted basis, between January and February. Over the 12 months to February, input prices fell 3.8 per cent, compared with a 3.3 per cent drop in the year to January; a fall in oil prices has been the main cause of the decline.

Suzuki to take over distribution operation

By John Griffiths

Suzuki, the Japanese car, motorcycle and power products group, is taking control of the highly profitable UK import and distribution activities for its vehicles. The operations have been owned and operated for the past 20 years by Mr Gerald Ronson's Heron International.

Suzuki, struggling against losses at Santana Motor, its Spanish-based European manufacturing operations, will take control of UK sales and distribution on March 31, when its most recent five-year contract with Heron Suzuki expires.

Heron International is seeking re-scheduling of interest payments to bondholders after the troubled group's £1.4bn restructuring last September.

Heron Suzuki, known as Suzuki (GB) until a name change two years ago, made pre-tax profits of £7m on turnover of £106m in its year to March 1992, the most recent year for which accounts have been filed.

It was profitable throughout the steep motor industry recession at the start of the 1980s, when some of the larger car-makers and importers sank into losses.

Last year it sold more than 11,000 cars, leisure four-wheel-drive vehicles and light commercial vehicles. When motor

cycles and power products are included, the company has a total of 500 dealers in the UK.

Suzuki's clawback comes as no surprise to Mr Ronson or Heron, however. Renewal contracts are typically signed well over a year before they are due to expire, and Suzuki Motor Corporation indicated early

last year that it intended to change the relationship with the struggling Heron. A number of proposed alternatives were looked at, including takeover by a separate investor group led by Mr Ronson, before Suzuki decided to assume control itself. Neither side would say what Suzuki would

GM import compromise ends legal fight over Isuzu

By Robert Taylor

European Union social directives imposed on Britain will rescue the country from the worst excesses of labour market deregulation within the next five years, a senior British trade union leader will tell a high-level Washington commission today.

Giving evidence to the presidential commission on management and labour relations, Mr John Edmonds, GMB General Union's General Secretary will say that Britain's industrial relations

system is likely to be "stuck in limbo" for the time being.

But in written evidence to the commission he argues that "at least we know that the European cavalry will eventually arrive to rescue us from the worst effects of a deregulated economy."

Mr Edmonds is taking comfort from a number of important European legal rulings in recent weeks covering areas such as part-time, working, transfer of ownership, in an enterprise and collective redundancies which have

strengthened the position of the UK's trade unions.

The GMB leader will tell the commission today that Britain cannot escape from the introduction of works councils - consultative and information forums in large companies - inside the EU. Multi-nationals are unlikely to establish them everywhere but in the UK, he said.

British employers will also be greatly inconvenienced by EU directives which seek to improve the conditions of part-time workers, and other vulnerable

groups. Mr Edmonds will tell the commission "whenever a new directive is signed by the other 11 European countries and British workers do not benefit, everybody's trade union will slap in a claim for equivalent treatment."

"In multi-national companies the claims write themselves. How can you deny to your British employees benefits which your other employees throughout Europe have by legal right? British companies will quickly find themselves on the defensive".

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February 1994

McCaw Cellular Communications Inc.

BZW Division acted as arranger and agent in the acquisition and syndication of a 6 1/4 year \$1 billion revolving credit facility for McCaw Cellular Communications Inc.

December 1993

CALIFORNIA EQUITY FUND

BZW Division acted as financial advisor and agent to The California Equity Fund 1992 Limited Partnership in the placement of \$29,773,555 senior secured notes.

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L.M. RABINOWITZ & CO., INC.

BZW Division provided \$4 million in subordinated debt with warrants to L.M. Rabinowitz and Co., Inc.

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MetLife

BZW Division was appointed euro commercial paper dealer for the Metropolitan Life Insurance Company.

August 1993

NATIONAL AUTO/TRUCKSTOP HOLDINGS CORPORATION

BZW Division provided \$7 million in preferred stock and subordinated debt to National Auto/Truckstop Holdings Corporation.

April 1993

Kemper

BZW Division acted as agent to Kemper S.A. for \$15.6 billion of financing in Spain in connection with certain investments by Kemper Corporation subsidiaries.

April 1993

PGT
Pacific Gas Transmission Company

BZW Division acted as co-arranger in the structuring and syndication of a 10 year \$170 million revolving credit/term loan facility for the Pacific Gas Transmission Company.

April 1993

SIERRA PACIFIC RESOURCES

BZW Division acted as financial advisor and agent to Sierra Pacific Resources in the placement of \$50 million senior notes.

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Detroit Edison

BZW Division's asset sales group arranged short-term financing totalling in excess of \$80 billion for U.S. clients during 1993. These loans were placed with over 75 U.S. investors.



BZW Division is the investment banking arm of Barclays Bank PLC, Barclays de Zoete Wedd Securities Inc., Barclays de Zoete Wedd Inc. and Barclays Business Credit Inc. Barclays de Zoete Wedd Securities Inc., Barclays de Zoete Wedd Inc. and Barclays Business Credit Inc. are separate subsidiaries of Barclays Bank PLC.

Major insists on ending of IRA violence

By David Owen

The British government yesterday gave its firmest assurance yet that there would be no negotiations with Sinn Féin until after the IRA has called a permanent halt to its 25-year campaign of violence.

As London and Dublin struggled to stop their peace initiative being blown off track by last week's mortar attacks at London's Heathrow airport, officials promised new talks on security co-operation between the two governments to be pursued as a matter of urgency.

Downing Street's choice of words

Downing Street - responding to new IRA demands for direct talks between London and republican leaders - said it was a "fundamental principle" of December's joint declaration that there would be no negotiations with Sinn Féin in advance of an end to IRA violence.

That principle was not going to change. It was "deeply offensive" to people in Britain and Ireland that the IRA should claim to be interested in peace while continuing to kill people in cold blood and to prosecute its campaign of terror.

The Sinn Féin president welcomed

appeared to leave the door open for a possible resumption of messages between London and republican leaders, however. When last year's secret contacts were exposed in November, Sir Patrick Mayhew, Northern Ireland secretary, said the messages had not amounted to negotiating with terrorists.

Mr Gerry Adams yesterday continued his efforts to woo the government, saying Sinn Féin had "no great concern" to be engaged in bilateral discussions with London on constitutional matters.

The Sinn Féin president welcomed

the first official IRA response to the Downing Street Declaration on Sunday, describing it as a "positive reiteration" of the IRA's commitment to reaching a negotiated peace settlement.

Mr John Hume, leader of the mainly Catholic Social Democratic and Labour party, said London should launch new talks with Sinn Féin to exploit the best opportunity for peace in 20 years.

He insisted that the IRA did not intend to detonate any of the ten mortar bombs which were fired at Heathrow in three separate attacks.

Mr Albert Reynolds, the Irish prime minister, said the attacks on Heathrow were "a gross miscalculation by the IRA" which was not going to advance the peace process.

Mr John Major is expected to come under increased pressure to tighten security in meetings with the leaders of the two main unionist parties later this week.

Rev Ian Paisley, leader of the hard-line Democratic Unionist party, said yesterday that the British prime minister had not got "the guts or spine or ability" to stand up to Dublin.

Britain in brief



BT managers may face redundancies

Senior managers at British Telecommunications, Britain's largest company, some earning annual salaries of over £100,000, face the prospect of compulsory redundancy in the coming financial year as the company's drive to cut jobs, draws in its top managers.

Managers earning more than £50,000 a year are the first to be targeted in BT's drive to cut 15,000 jobs by 31 March 1995.

The company said around 30 to 35 of its 170 managers at director level - who earn on average £75,000 a year - are being encouraged to leave.

BT's threat of compulsory redundancies for senior managers, which is extremely rare among large companies, marks a further toughening of its stance. Earlier this year the group froze the basic wages of most managers for this calendar year with the suspension of its year old performance related pay scheme which it said was too expensive.

According to the company only 245 senior managers have voluntarily taken redundancy in the current financial year which is no more than 3 per cent of the 6,857 senior managers on personal contracts.

Tupe ruling in IBM case

Sixty-three employees who lost their jobs when IBM in Portsmouth changed its contract caterer could receive up to £500,000 in compensation in another important test case for the Transfer of Undertakings (Protection of Employment) regulations.

Southampton industrial tribunal has ruled that the Tupe regulations, which give workers some protection in business transfers, did apply to the transfer. Brownlow Catering which won the contract from Gardner Merchant argued, along with IBM, that the regulations did not apply. The result could have implications for forthcoming Tupe cases.

Growth seen in housing market

The UK housing market enjoyed substantial growth last month, says a survey of more than 100 estate agents published today.

The increase bodes well for a rise in house sales during the peak spring buying season according to the Royal Institution of Chartered Surveyors, which conducted the survey.

Only 13 per cent said activity had remained constant or had fallen. Fourteen per cent of agents said prices had risen during the period compared with 6.4 per cent who said they had fallen. The rest said prices were unchanged.

Miners festival to go ahead

The Durham Miners' Gala, under threat because of the demise of the Durham coalfield, is to be held this year after all following a strong response to an appeal for financial support.

Much to the surprise of the National Union of Mineworkers, companies are among those expressing interest in supporting the event, which in recent years has been a platform for leftwingers.

The NUM said yesterday that the volume of offers meant the 110th gala - which is to cost £20,000 to mount - would definitely go ahead on July 9. The event's subsequent future remains unclear, however.

Extradition loophole to be closed

By Tim Coone in Dublin and Jimmy Burns in London

A loophole in Ireland's extradition law, under which an IRA suspect was released from custody in Dublin yesterday, is expected to be closed by the end of next month.

Mr Anthony Gorman, wanted in Britain for the 1992 killing of an army sergeant outside a recruiting office in Derby, was released by a district court yesterday, after the Irish state offered no evidence against him.

Meanwhile, Scotland Yard said yesterday that it was "quite inconceivable" that the IRA carried out attacks on Heathrow without the intention to "kill or maim".

"The devices were loaded with high explosives and contained detonators. They were carefully constructed," a Yard spokesman said.

The decision follows a ruling by the Dublin High Court last month ordering the release of Mr Joseph Magee, wanted for the same murder. On the grounds that his alleged offence was politically motivated and that prejudicial British media coverage of the case would deny him a fair trial.

Defence lawyers for IRA suspects can currently argue that possession and/or use of a non-automatic firearm is a political offence, and non-extraditable under the Irish constitution.

The Irish department of justice says the bill will be brought into force once "specification" arrangements are in place between Ireland and the UK to prevent a suspect being charged with a different offence to that upon which he or she has been extradited.

Cargo activity was also buoyant with a gain of 17 per cent last month.

Both governments are final-

ising arrangements and are expected to be ready in time to coincide with the passing of the new extradition bill.

Downing Street yesterday gave a low-key response to Mr Gorman's release, saying it never commented on judicial decisions taken in the Republic of Ireland. It was "always a possibility" that government law officers might contact Dublin on the subject, officials said.

New legislation will prevent IRA suspects blocking extradition to Britain on serious criminal charges on the grounds that their crimes are "political". The bill completed its Dail (parliament) stages with little opposition, and is due to the Senate next week.

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Cargo activity was also buoyant with a gain of 17 per cent last month.

Both governments are final-



Anthony Gorman walks free from the special criminal court in Dublin yesterday
Picture: Press Association

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TECHNOLOGY



Amstelveen: BS2000 – best protection for artists' copyrights.

Protecting the interests of artists: Buma/Stemra, in the Netherlands, has devoted itself to this task. For more than 80 years, this non-profit-making organization for performing rights has represented worldwide copyright protection – whether for the works of composers, music publishers or authors. To manage its total of 1.5 million copyright owners, Buma/Stemra depends on a Siemens Nixdorf H100 universal computer, running under the BS2000 system. Connected to it via a TRANSDATA network: an MX300 computer and PCs, complete with peripherals. Together, they provide Buma/Stemra with a fast and efficient information network which instantly springs into action, when compositions or publications are marketed. More than 2 million titles and 1 million contracts and performances can be instantly accessed and evaluated from each computer.

For Buma/Stemra, the BS2000 service cannot be copied. "The flexibility of BS2000 working with the TRANSDATA network is, for us, the best solution for international connectivity", says the company.



Roubaix: Mail order company accelerates turn-over, with the fastest printer.

La Redoute is presenting its mail order offers even more effectively. Customers are now receiving eye-catching mailshots, produced by Siemens Nixdorf 2240 printers, the world's fastest. They produce 340 pages a minute, two-up. The result: La Redoute customers learn about

the latest offers, even faster. Mass mailings are transformed into high-class mailings by the 2240 laser printers. Text and pictures are reproduced in razor-sharp quality. Improved quality and – above all – faster direct marketing for La Redoute also means faster sales. The first results were convincing: in the next 12 months, 12 more 2240 printers are on order. And not only for direct marketing. Thanks to their top-quality output, six will be used for other tasks throughout the La Redoute organization, printing everything from invoices to correspondence.

Toronto: Softdrink manufacturer Cott is re-engineering its business with R/3 LIVE.

With a profit increase of 184% in the past year, Cott Corporation requires a flexible IT application system as a basis for the company's future growth. Siemens Nixdorf has met all of the needs with an open system architecture package, including scalable hardware, user-friendly software and comprehensive integration services. At the heart of the re-engineered business infrastructure is a high-performance RISC computer running the state-of-the-art business application R/3 LIVE. It is "Live" with Cott's customers, the retailers, and its supply chain part-

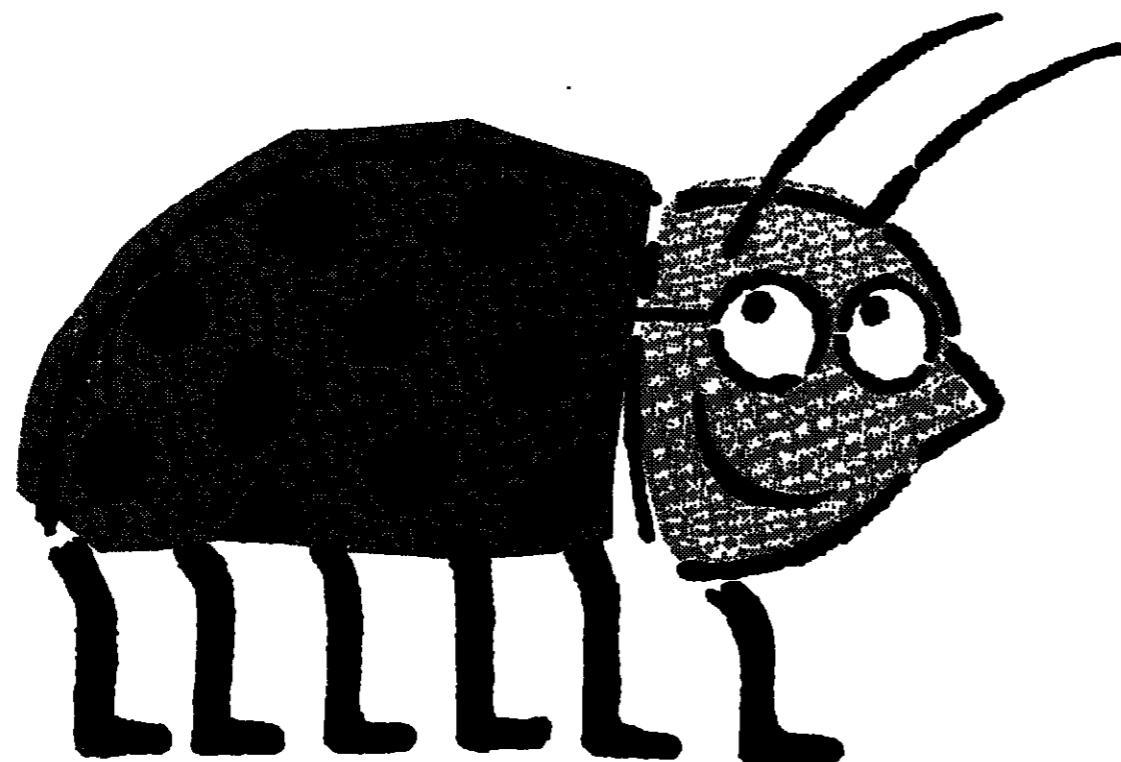
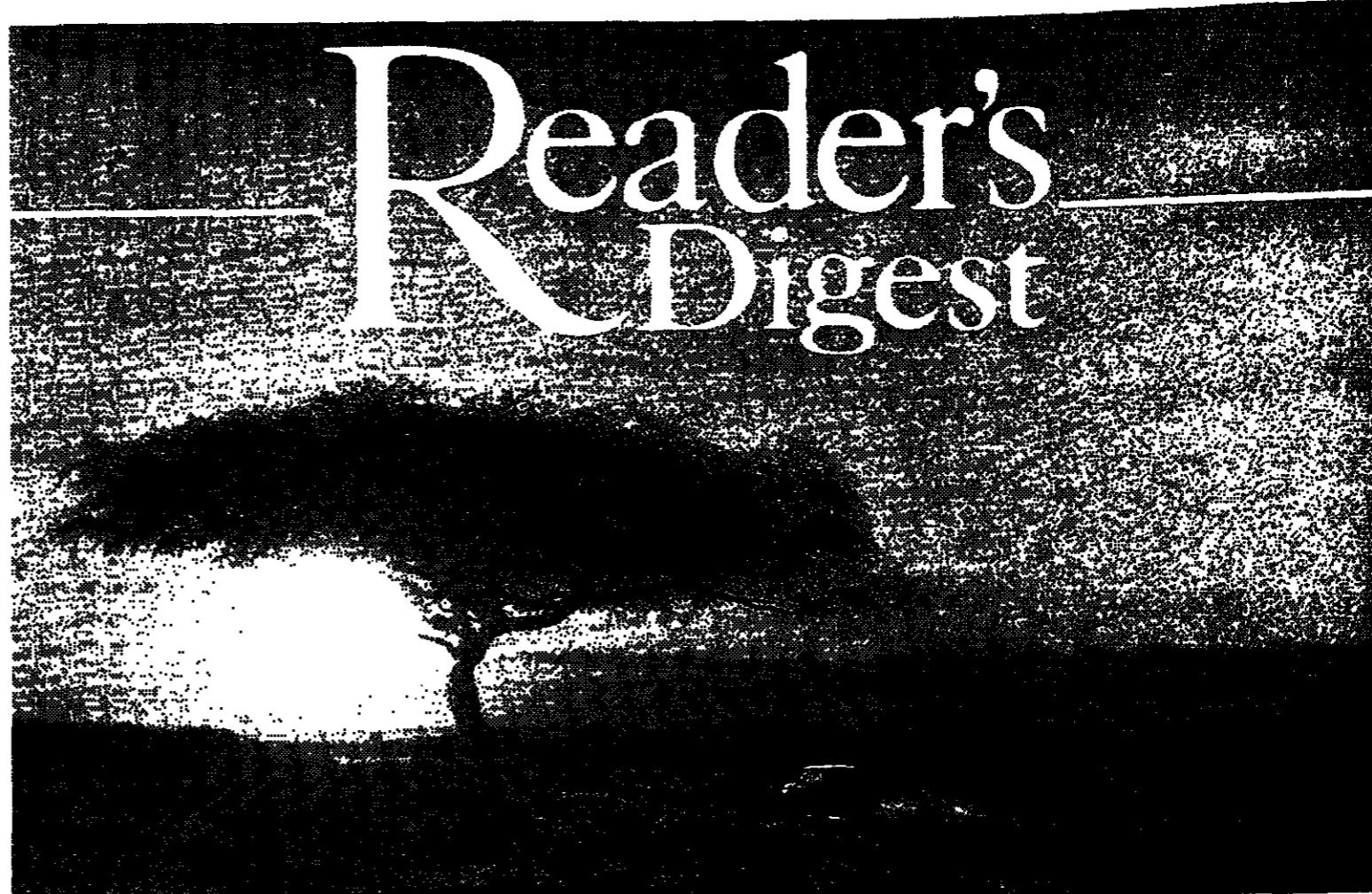
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SIEMENS NIXDORF

Johannesburg: Reader's Digest, looking good with Siemens Nixdorf.

Every year, Reader's Digest South Africa moves about 1,220 km closer to its readers. That's the length of paper this publishing house uses for its direct mail promotions. The customers aren't just 1.5 million South African readers. They also include an increasing number of companies which make use of a variety of services offered by this world leader in direct marketing. The printers are the key: as well as tried and tested non-impact printers, there are new, ultra-fast Siemens Nixdorf printers with LED-plus technology. They offer a huge choice of typefaces and special effects, and make

it possible to print two DIN A4 pages alongside each other, providing Reader's Digest graphic artists with more creative scope in designing circulars. The Siemens Nixdorf printers process around six million sheets of paper a month, ultra-fast, and extremely cheaply. Each page costs Reader's Digest South Africa less than five cents, compared with six to ten cents for a normal copier. No wonder that Siemens Nixdorf printers are the best for Reader's Digest. "Our graphic designers are wild about the new system", says Colin Palmer, MIS Manager at Reader's Digest South Africa.



London: Selfridges rings the changes with Beetles for their point of service systems.

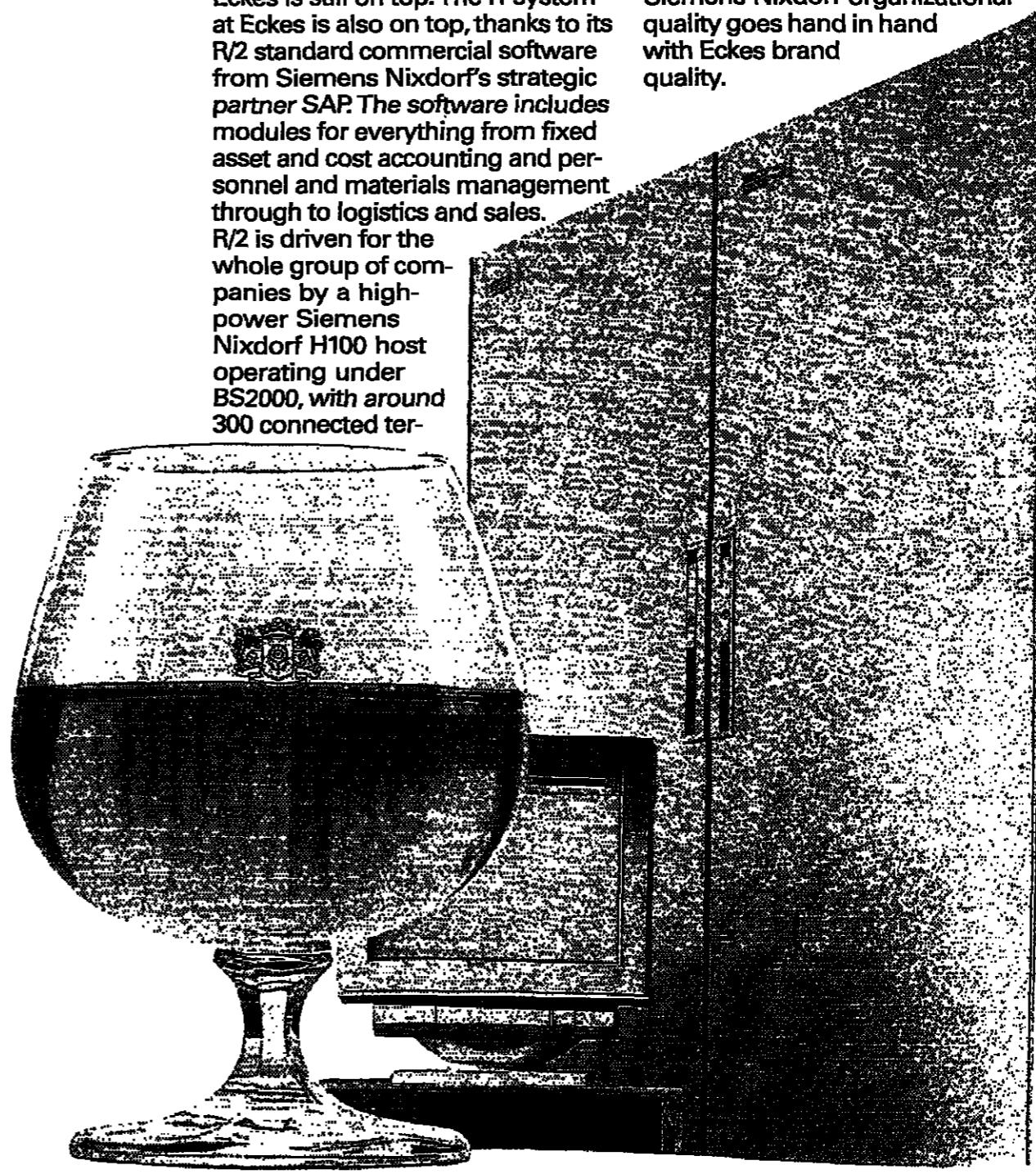
Siemens Nixdorf in Great Britain is just embarking upon a major project for Selfridges. With over 20 million customers, Selfridges is one of the world's largest department stores. The store has ordered 430 BEETLE terminals to provide the basis for a system to improve both the quality of customer service and the efficiency of customer transactions. Siemens Nixdorf will be installing and networking the devices in all 313 departments of Selfridges. The new system will use advanced open systems-based software from Siemens Nixdorf partner RTC and allows details of more than a million different products



to be accessed from all BEETLE terminals. Faster, more efficient customer service will be provided through facilities such as accepting a range of foreign currencies and providing electronic authorisation of cheques. The BEETLE terminals provide a single hardware solution to a diverse range of applications, ranging from traditional point of sale, through Estimating (Carpets, Curtains etc) and Bridal Registry, to Delivery Scheduling. The contract with Selfridges takes the total number of Beetles sold worldwide over the 150,000 mark, providing a further illustration of Siemens Nixdorf's expertise in PC-based point of sale systems.

Nieder-Olm: At Eckes, everything flows more smoothly on BS2000.

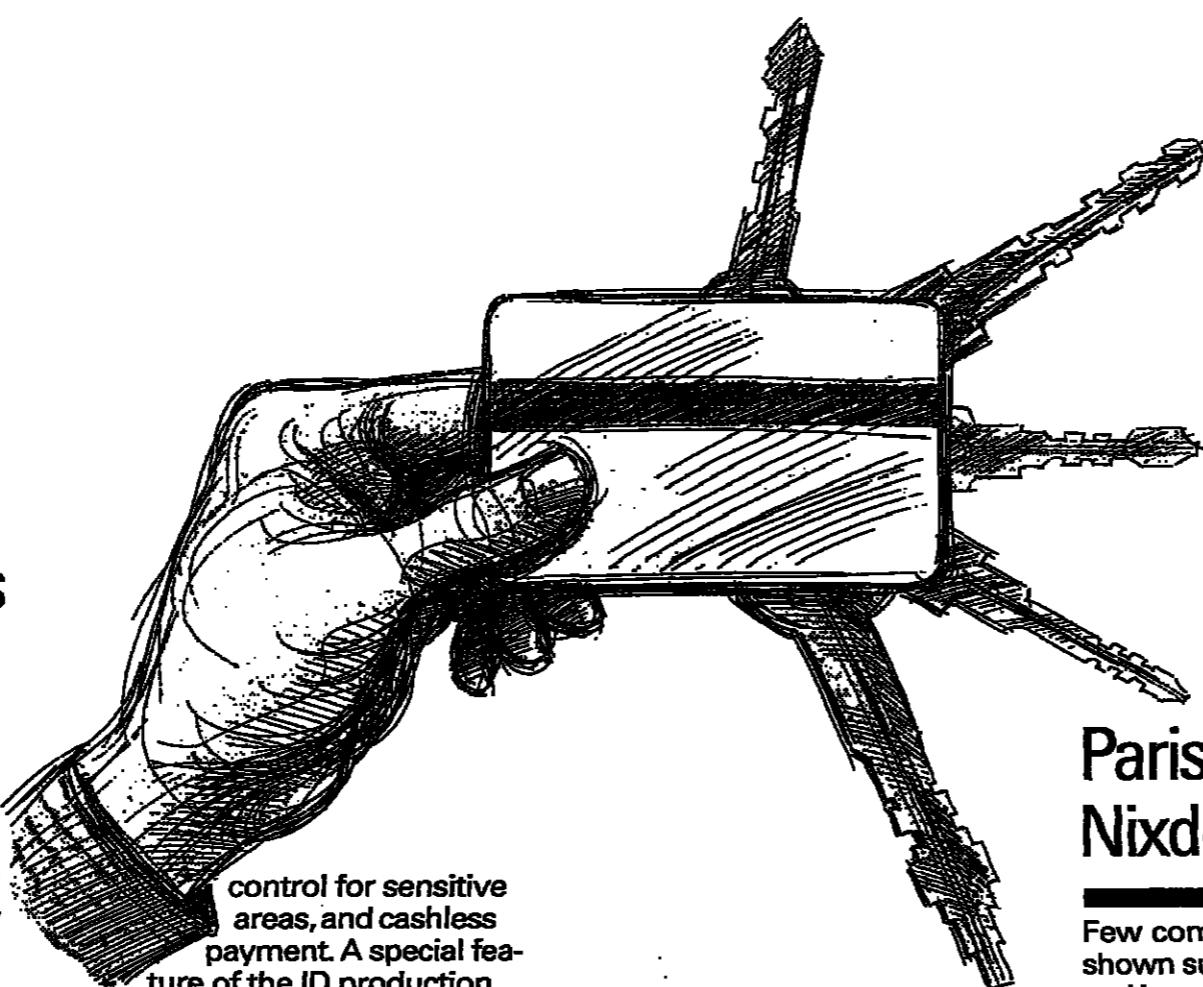
Eckes Edelkirsch, Chantré, Mariacron, Echter Nordhäuser, hohes C, and Dr Koch's: Eckes products are drunk all over Germany. The name has stood for quality and good taste for decades - and the consumer won't accept anything less. Even though the competition is getting tougher, Eckes is still on top. The IT system at Eckes is also on top, thanks to its R/2 standard commercial software from Siemens Nixdorf's strategic partner SAP. The software includes modules for everything from fixed asset and cost accounting and personnel and materials management through to logistics and sales. R/2 is driven for the whole group of companies by a high-power Siemens Nixdorf H100 host operating under BS2000, with around 300 connected ter-



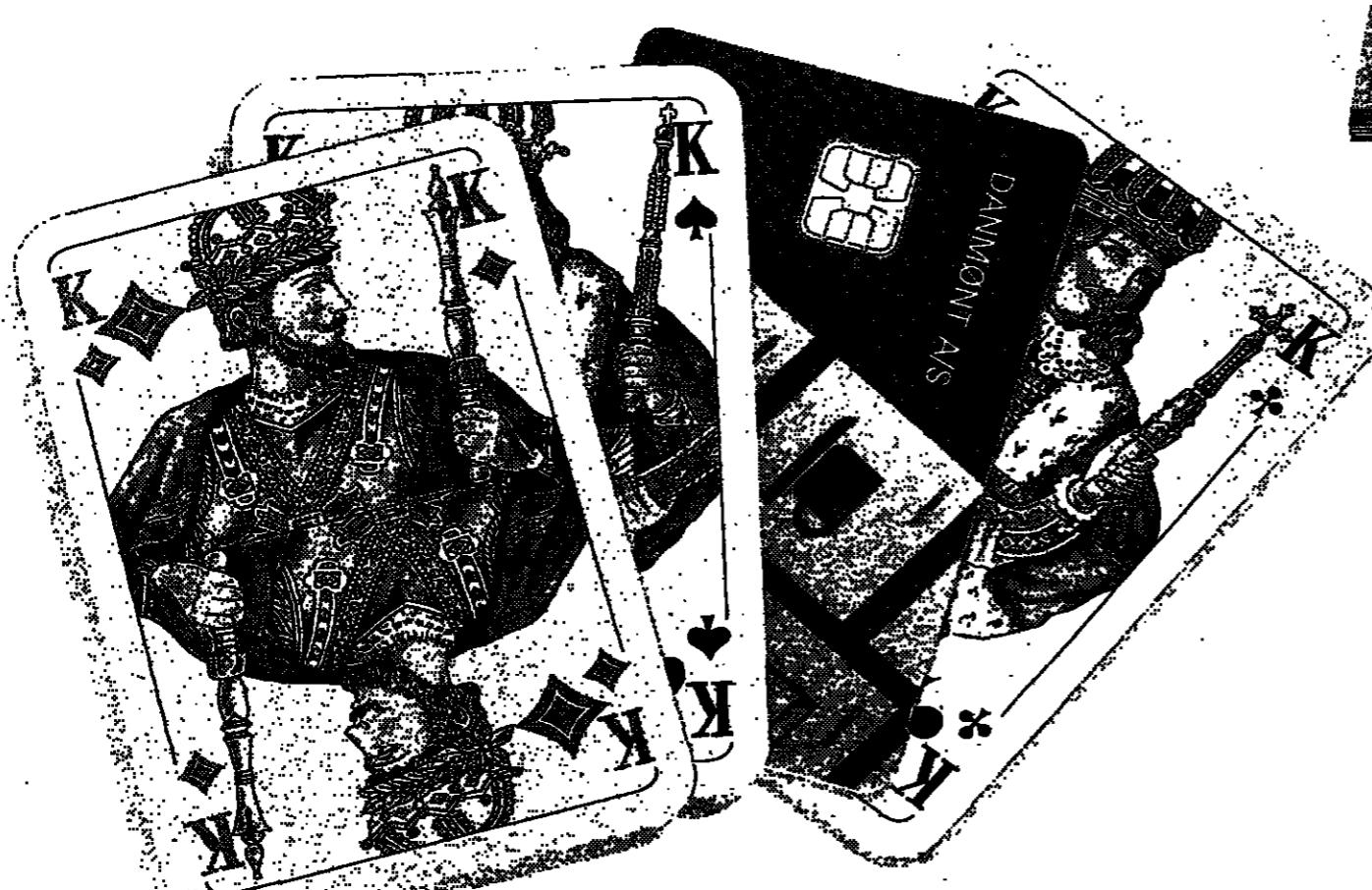
Frank
The rig
produce
chip car
for Haer

Frankfurt: The right reactions produce a new chip card system for Hoechst.

The old factory pass has had its day at Hoechst. Working with Siemens AG, Siemens Nixdorf has replaced it with an intelligent, multi-functional chip card system. Hoechst commissioned Siemens Nixdorf for the project because "it was important for us to cooperate with a partner who we could entrust with the entire responsibility", says Werner Schroer, project manager at Hoechst. So the chemistry was right between the world's second largest chemicals company and Europe's largest computer company. Siemens Nixdorf went to work with Siemens AG Semiconductors Division. After an extensive analysis, a new chip card was jointly developed. Combined with 250 terminals and 15 concentrators, it handles several tasks: recording hours worked, access



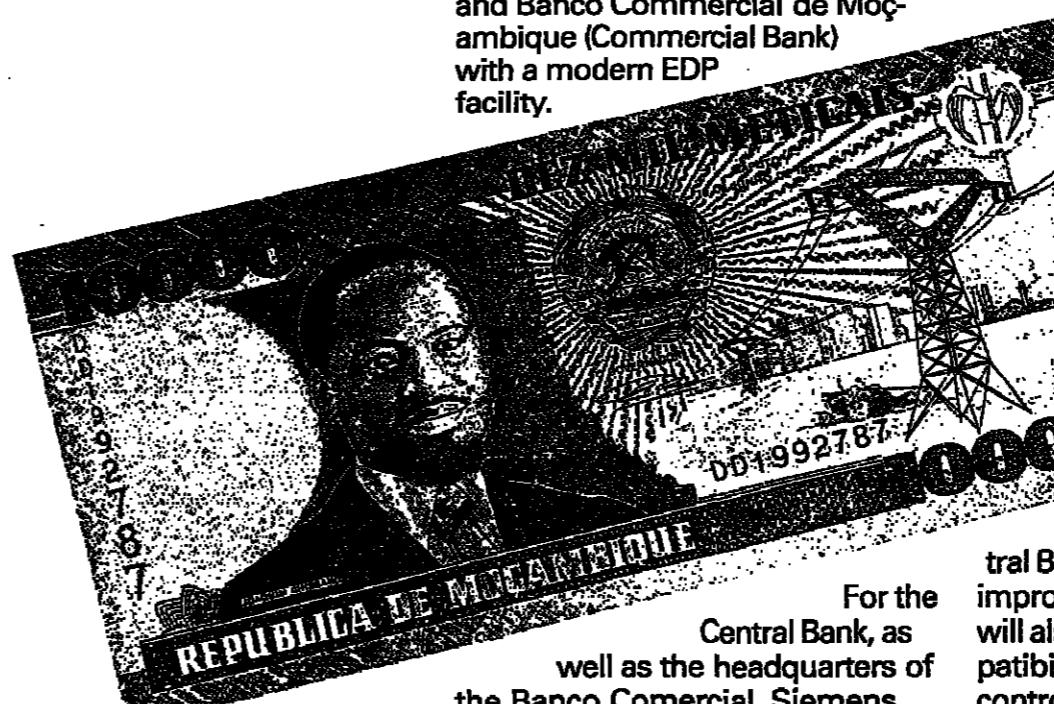
control for sensitive areas, and cashless payment. A special feature of the ID production system is the on-line generation of the "passport photograph", with a colour code for the relevant department, in a single process. The computer controls access in sensitive areas of company operations; in the canteen, it will be able to register bills for meals and transfer the amounts for deduction from the workers' wages; in the various production establishments, it records the hours worked. The data is swiftly processed by the central computer, in time for incorporation in the next wage slip, for example. More protection against unauthorized access, and more cost-efficiency in accounting – all this makes Hoechst very enthusiastic about its new chip card system, and the cooperation that made it possible. Werner Schroer speaks highly of the "good cooperation" and the "smooth course of project implementation".



Copenhagen: Danish retailers play the right card with Siemens Nixdorf.

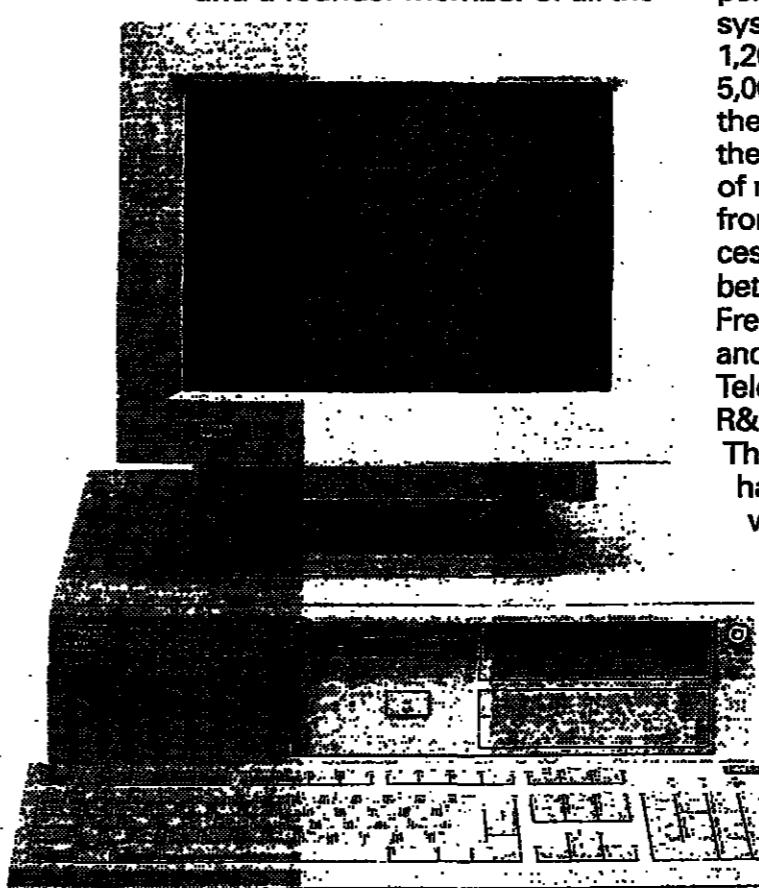
Denmark has set the crown on cashless payment transactions. The new Danmønt cards are especially suitable for small payments. They can be used practically everywhere as an alternative to Danish Kroner – whether as a telephone card or in fast-food restaurants, service stations, kiosks or museums. The pre-paid cards issued by Danmønt A/S, a company owned by the Danish banks and telephone companies, are based on chip technology from Siemens. The DMT2 terminal for the Danmønt cards was developed by Siemens Nixdorf. It is linked to either Siemens Nixdorf POS systems, used in a stand alone version or connected to cash register systems from other manufacturers, throughout the retail trade. DMT2

is very easy to use. After inserting the card, the balance due and the amount payable is displayed. Press a button to accept, and the amount is paid and recorded in the Danmønt terminal. Everyone benefits from this new cashless payment system. The retail trader no longer needs to give change, and needs less cash in the drawer. This makes it less attractive to thieves. And the Danmønt card-holder has a convenient way of paying which eliminates coins and small notes.



Paris: France Telecom uses Siemens Nixdorf server for system integration.

Few computer companies have shown such commitment to open and integrated systems as Siemens Nixdorf, the European market leader in UNIX® multi-user systems and a founder member of all the



leading organizations for standard interfaces. Precisely the right qualifications for France Telecom. The company commissioned Siemens Nixdorf to supply efficient servers based on UNIX and OS/2 PCs to be perfectly integrated into its existing system architecture. More than 1,200 tower PCs as servers and 5,000 desktop PCs were installed at the company – all integrated into the existing network infrastructure of mainframes, servers and PCs from other manufacturers. The success is due to close cooperation between R&D engineers from the French PC plant of Siemens Nixdorf and technical specialists from France Telecom, as well as between the R&D teams in France and Germany. The result: France Telecom now has a modern client-server network of computers which mutually complement and strengthen each other. While mainframes manage the central corporate data, various applications run on the application servers – from customer and personnel administration, through work planning, to marketing. All data can be accessed from every computer. It means a modern distribution of tasks that introduces greater economic efficiency to the France Telecom organization.

Maputo: For Banco de Moçambique, the Siemens Nixdorf client-server solution is chosen as an ideal investment.

Of 13 computer companies that presented bids to Banco de Moçambique, only one emerged victorious. With its proposed client-server solution, Siemens Nixdorf won the multi-million DM commission, financed by the World Bank, to provide Banco de Moçambique (The Central Bank) and Banco Commercial de Moçambique (Commercial Bank) with a modern EDP facility.

availability computers with ultra-fast RISC processors for central data storage. They are linked via a network of RM400 branch servers, PCs and peripherals to form a client-server network which connects 27 branches. The contract included preparation of a secure computer room with installation of fire protection and network cabling.

Now Banco Commercial de Moçambique will be operating with state of the art technology. Information on customer accounts, transactions, loans, contracts or currency business can now be evaluated, exchanged between computers, and managed effectively. For the bank, it means greater efficiency and, for the customers, a better faster service. The Central Bank, apart from dramatically improving the operating conditions, will also benefit from the data compatibility for bank supervision and control and data consolidation for macro economic management.

For the Central Bank, as well as the headquarters of the Banco Commercial, Siemens Nixdorf installed UNIX RM600 high

SIEMENS NIXDORF

Brussels: Totalisator organization backs a winner with Siemens Nixdorf.

Siemens Nixdorf's new System for the Pari Mutuel Unifié (PMU) – the Belgian totalisator agency for horse-race-betting – looks like a winner. PMU has installed two BS2000 mainframes at the Brussels headquarters, and more than 1,900 PCs at betting shops throughout the country. This computer capacity and specially-designed software programs have PMU's customer service and administration running at a cracking pace. The PC network means that the punters have more time to play their favorite game, because the period for betting is now extended until shortly before the race. At the touch of a key, data is sent from betting offices direct to headquarters via a permanent on-line connection or over the telephone

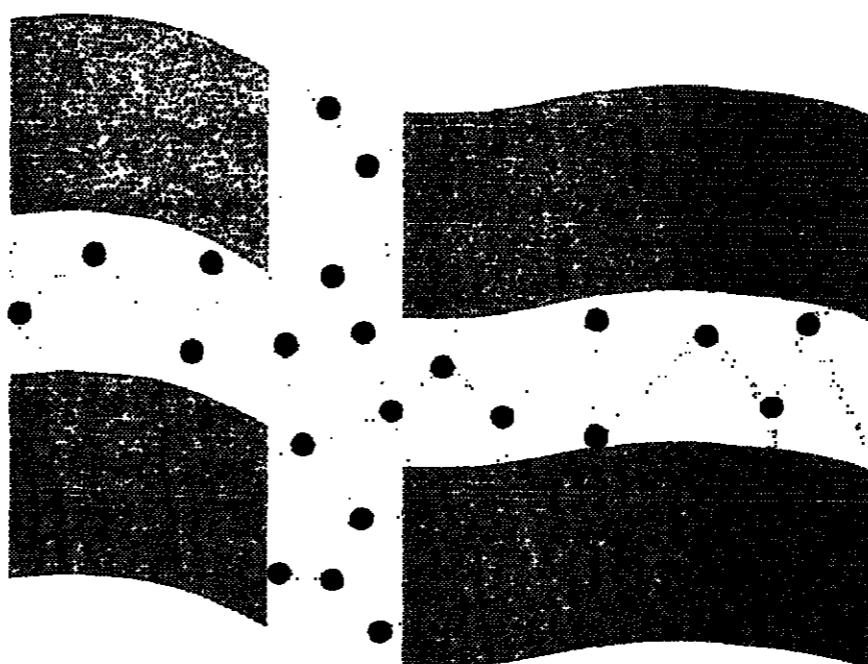
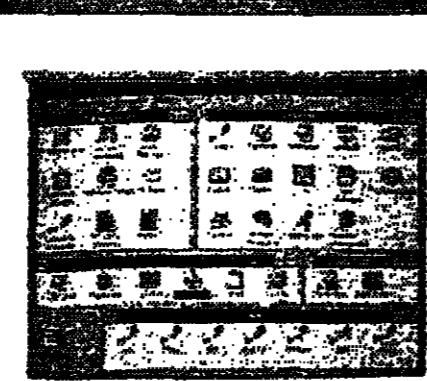
network. This means that, just before the start, thousands of transactions can accumulate, all running together in the central office. Security is a key aspect of this critical application: the two central systems are linked together, so all transactions are "mirrored" on both computers. The principle: double data processing giving double data security. In opting for the Siemens Nixdorf solution, PMU has certainly backed the right horse. The new system cuts through all the previous logistical problems, and saves costs and a lot of time. But that's not all – the new organizational solution has generated some new ideas and will allow PMU to launch new types of games, such as the new 'Bingoal' football betting system.



Offenbach: Deutsche Flugsicherung orders "Best Security 2000", with BS2000.

For Deutsche Flugsicherung (DFS), security comes first. When it needed a cost-effective all-inclusive solution for commercial information processing, it took a long, hard look at the range available, and concluded that only one company met the requirements: Siemens Nixdorf. The solution: a BS2000 universal computer for the Offenbach headquarters, with standard R/2 commercial software including all modules, from fixed asset accounting to distribution. Linked to the system are the PCs at headquarters and offices at German airports, which have continuous access to BS2000 data and the capacity to process it. As well as data supply, the BS2000 ensures "Best Security 2000", reducing downtime on all connected systems practically to

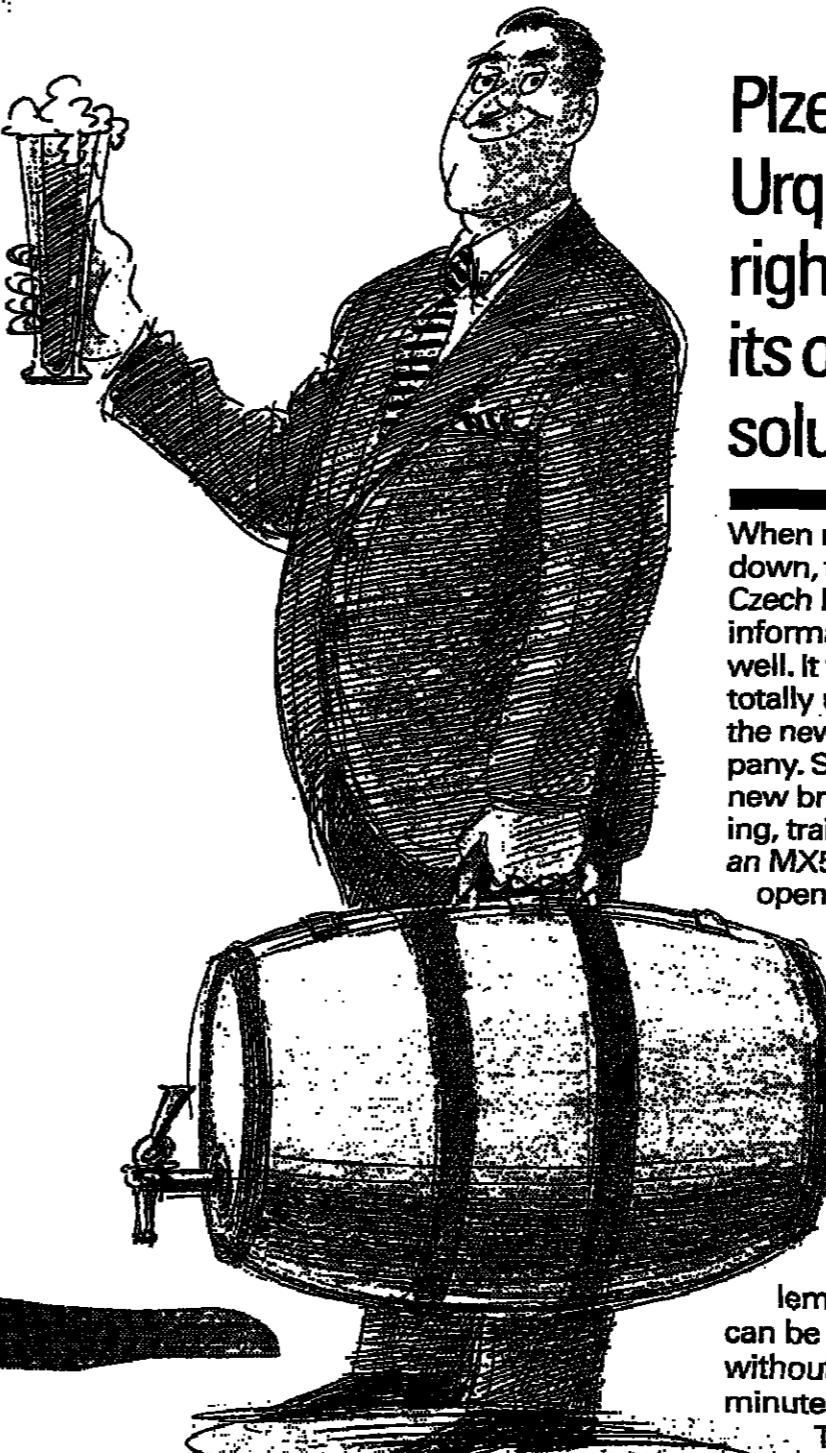
zero. All installation work was completed in just a few weeks. Siemens Nixdorf has taken responsibility for service and DP management in the DFS computer center. Siemens Nixdorf also provides support in specialized areas of the company's operation for introducing new SAP modules and servicing existing modules, using experts who know the systems inside out. For Deutsche Flugsicherung, this means not just more security, but also reduced costs. Just as you would expect from a cost-effective, all-inclusive solution.



Stockholm: Siemens Nixdorf helps Swedish employment offices find jobs.

To make sure that job-seekers get the right job at the right time in the right place, Swedish employment offices have gone to the company with the right answer: Siemens Nixdorf and its multi-level client-server system. More than 750 UNIX systems in local employment offices act as application clients for over 7,500 PC workstations across the country – from recruitment and placement services through to job information, documentation, statistics and archiving. All the computers are connected to three BS2000 mainframes at the Stockholm Employment Center. The BS2000 systems operate as database servers round the clock. During the day, they provide the local computers with central data and printing services. At night, they batch-process

important data, save it and send the updated information back to the networked computers – in some cases, across up to 2,000 km. The BS2000 computers also distribute software updates direct to UNIX systems in the local employment offices. Thanks to the client-server network, the Swedish employment offices can give their clients much faster and more effective advice. They always have up-to-date information on what jobs are being offered and by whom – and, using special programs, they can provide job counselling at the individual level.



Plzeň: Pilsner Urquell goes to the right source for its organizational solution.

When national trade barriers came down, the Pilsner brewery in the Czech Republic threw away its old information processing system as well. It was a relic from the past, totally unable to meet the needs of the newly-formed joint stock company. Siemens Nixdorf provided a new brew of hardware, networking, training and service. It installed an MX500 server using the SINIX® open operating system and serving 80 workstations, all interconnected via the existing telephone network. This meant cost and time savings and made it possible to set up a remote service line to Siemens Nixdorf service technicians in Prague, Munich and Paderborn. From those locations, prob

lems such as program errors can be diagnosed and put right without delay, often in a matter of minutes, via the computer hotline.

The program is the L5000 – a market-specific software package from Weihenstephan business consultants, which runs all the brewery's business management functions, from stores and accounting through to domestic distribution and export. In choosing Siemens Nixdorf to supply its organizational solution, the original Pilsner brewers tapped into a rich source of expertise, and is now geared up to compete internationally.

For further information, please contact:

Siemens Nixdorf
Informationsysteme AG, UK 41,
Otto-Hahn-Ring 6, D-81739 München

Synergy at work

MANAGEMENT: THE GROWING BUSINESS

Affordable accounting packages are now available for even the smallest companies, says Richard Gourlay

Computers to keep the books

Little more than a decade after IBM introduced personal computers to the office desktop, there has been an explosion in powerful software available to help companies manage their accounts.

Collapsing hardware prices and increasingly user-friendly software have given managers in the smallest companies a speed of access to information unimaginable by their predecessors.

Where a few years ago companies might only have known the state of their cash books at the end of a month, real-time accounting packages, costing little more than the petty cash allowance, now update ledgers the moment a transaction is completed.

Yet, according to Paul Walker, managing director of Sage, a UK supplier of integrated accounts packages, as many as 40 per cent of companies with up to 50 employees are still not computerised.

What are these companies missing? At the simplest level, the choice includes Sage's Moneywise, Microsoft's Money and Intuit's Quicken. These systems are basic cash management packages. They

replicate manual books, but are really only suitable for sole traders or individuals with the simplest of needs, according to Dennis Keeling, independent analyst of accounting, business and manufacturing systems.

Bigger and more complex companies need full-blown, double-entry bookkeeping accounting systems that have sales, purchase and nominal ledgers. These so-called integrated packages include Sage's Sterling products, which cost from £100 to £200 through dealers.

Since the company's launch in the mid-1980s, it has attracted 170,000 users of this software in the UK. Sage services more than 50,000 support contracts. Sage is working with Microsoft, the US software house, on a joint promotion to allow the two companies' products to link and form what Sage calls "an integrated office environment" that incorporates spreadsheets, word processing and accounting packages.

But as even in the fast-moving computer world, there are pretenders to the market leaders' throne. "In Sterling you have a world-class package with incredible volumes,"

says Keeling. "But the product that has come from nowhere in 18 months to become a significant number two is Megatech's Tas Books."

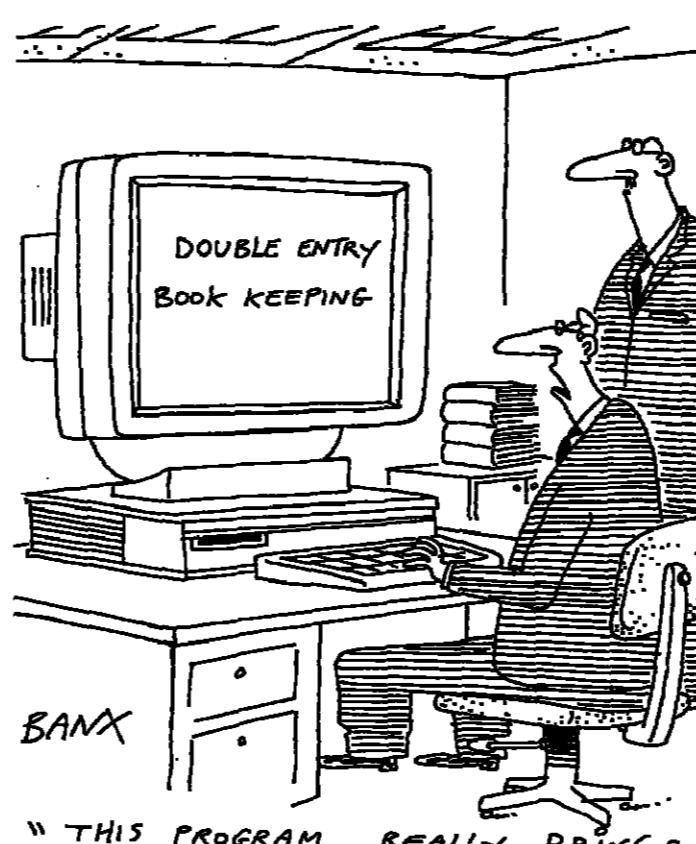
Sold via mail order and costing £29, Tas Books has "taken on Sage and really eaten into its market in the UK", Keeling says. Sage's Sterling still dwarfs Megatech. But Megatech nevertheless claims 20 per cent of the integrated accounting packages, helped by a rare recommendation from the Institute of Chartered Accountants in England and Wales. Sage has about 60 per cent of this market.

The feature of Tas Books that will excite some business people – and appeal some accountants – is that it allows users to correct their mistakes. And it comes with a detailed tutorial on double entry bookkeeping.

Just as word processors correct typing errors, so Megatech says its Tas Books acts as an account processor. Many accountants would say that mistakes should be reversed by contra entries even if this leads to clutter and a more expensive audit.

"With the account processor you

can make changes so the books repre-



of £28m through 98 outlets.

Some critics also say Tas Books has a limited appeal because it is available only within a Dos operating system, and not within Windows.

Sage, for example, which has 500,000 users in the US, says half its UK sales of accounting packages are in the Windows format. "Some people do not want it [accounting packages] in Windows at the moment," says Walker. "But in America if you don't have a Windows product you might as well go to sleep."

Encouraged by its success in the market, Megatech says it is now launching a Tas Books 2 version. In addition to the existing features, this software will allow users to automate stock control, sales order processing and purchase order processing.

This product will move Megatech towards a market serving bigger companies with so-called modular systems. Products in this market include Pegasus Senior, Sage's Sovereign, Tebra's 2000 and Cameleon, Sun Systems' Sun Accounts and Multisoft's Prestige. Each module – the cash book, the sales ledger, the purchase ledger – can cost up to £1,000.

It is a more competitive, higher end of the market where there is less growth, partly because most companies buying such packages will already have some form of computerised bookkeeping.

The real growth is below this level, according to Walker. "The new small- to medium-sized company market is still expanding."

There is the company that has still not computerised and those people that computerised four to eight years ago and who have decided to catch up with technology and are buying new software."

In a Nutshell

Rugby tickets reward for business angels

The chance to buy tickets for December's annual rugby match between Oxford and Cambridge at Twickenham is the inducement being offered to business angels participating in a new survey.

The study, supervised by Hamish Stevenson of Venture Capital Report, previously a research fellow at Templeton College, is being carried out by Oxford University. It aims to capture the views and experiences of individual private investors who have backed, or want to back, small unquoted businesses in the UK.

"There is an important debate going on at the moment about what sort of people business angels are and how much money they are willing to invest," Stevenson said yesterday. "Our results should have important implications for industry practice and government policy."

"Business Angels project, Freepost (OF128), Templeton College, Oxford OX1 4BR or VCR, Tel 0891-673939."

Scheme to cut cost of administration

Small businesses fed up with the time and money spent on administration may be interested in an initiative launched yesterday by the British Chambers of Commerce.

The BCC Invoice Clearing House scheme requires companies to compile a list of suppliers, with the amounts to pay each one, and send a single cheque covering the full amount; the scheme then makes payments to all the individual suppliers.

Two dates per month can be chosen for the payment of regular bills, including electricity, rates bills and personal credit card accounts. The BCC claims its scheme will lower bank charges as well as saving time and other administration costs.

Further information on 071-222-1555.

Corporate venturing in the UK has failed to match early hopes, according to a paper published last week.

Corporate venturing is the process where big business invests in small business through taking minority equity stakes – usually in emerging, high-technology companies. It is supposed to provide windows on new technology, take-up opportunities as research matures and, eventually, big profits.

Investment may be direct, but is more usually via a fund run by an experienced venture capital manager used to finding growing businesses worth backing.

The paper, by Kevin McNally of the Urban Policy Research Unit at Southampton University, makes depressing reading for anyone who attended a 1984 London conference organised by Arthur Andersen, the accountancy firm, and Venture

economics, the collector and publisher of venture capital data.

The conference tried to persuade chairman, chief executives and finance directors of leading UK companies that corporate venturing was a good thing. What has happened since can only be interpreted as 10 years of failure, as McNally reveals.

Whereas the US venture capital industry received about 20 per cent of funds from corporate venturers during the 1980s, Britain's peak was at 6 per share (£34m) in 1988 and a peak of £22m (4 per cent share) in 1990.

McNally says there is some

evidence of pick-up since – £50m from corporate sources in 1992 and a 15 per cent share of funds raised last year – but pension funds, insurance companies and other financial institutions continue to dominate the ranks of fund-providers.

The research covered 41 venture capital funds. Although 16 had attracted corporate venturing contributions, the base is narrow: 12 were run by Advent International and only one-third of all the corporate venturers were US companies; 30 per cent were from the US, 11 per cent Japan, and 7 per cent Australia.

Of the remaining funds, six had

been rebuffed by companies they approached and many of the others had not bothered on the grounds that there were easier ways of getting investors.

Many fund managers believe corporate venturers are not worth the trouble. They are seen as short-termist, with unrealistic expectations of quick, spectacular returns. They also fail to understand how venture capitalism works – as a portfolio of investments where the lemons ripen before the plums.

Corporate venturers may be less common in the UK because of the industry's focus. Seed capital, start-up or early-stage funding

accounted for 31 per cent of monies disbursed by US funds in 1991, compared with 6 per cent in the UK.

Also, if management buyouts and buy-ins are excluded, 84 per cent of US disbursements were in technology-related projects, against the UK's 30 per cent. This suggests the UK venture capital industry may not actually be doing much in the market segment where corporate venturing might appeal more to big companies.

McNally thinks corporate venturers could fill funding gaps now appearing as pension funds and insurance companies become more cautious.

His research is useful because it shows how to develop more mutual self-interest for both sides. Potential corporate venturers need to correct their long-term vision, but venture capital funds need to find more technological projects at a fundamental or prototype stage for them to look at.

One problem, however, remains the same as spelt out by a speaker at the 1984 conference: "Large companies are usually very uncomfortable with small businesses. There is often an attitude of 'if it's good why don't we own all of it; if it's bad, why are we muddling about like this? It looks uphill all the way.'

*Sources of Finance for UK Venture Capital Funds: The Role of Corporate Investors, by Kevin McNally, Urban Policy Research Unit, Department of Geography, University of Southampton. Price £10.

Uphill struggle all the way

Ian Hamilton Fazey on a disappointing 10 years for UK corporate venturers

Economics, the collector and publisher of venture capital data.

The conference tried to persuade chairman, chief executives and finance directors of leading UK companies that corporate venturing was a good thing. What has happened since can only be interpreted as 10 years of failure, as McNally reveals.

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McNally says there is some

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Write to:

J E Hamilton, 7a Church Street, Southwell, Nottinghamshire NG25 0HQ

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Please apply for further details to: The M.D., Sunik Associates Ltd, 72, Dunstall Road, Helesover, West Midlands, DE3 1BE. Fax: 021-602-0174.

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Write to Box B2527, Financial Times, One Southwark Bridge, London SE1 9HL.

Parkways

THE MOTORISTS' SUPERSTORE

Parkways Stores Ltd

The Administrative Receiver G.M. Krauser FCA offers for sale the business and assets on a going concern basis of the above company which is an established retailer of motor car accessories based in the Midlands and North West of England.

- 12 leasehold retail outlets (1,982-14,628 sq.ft.)
- Head Office and Distributing Centre, Castle Bromwich, Birmingham.
- Annual turnover c £3m.
- Stock in excess of £1m (at cost)
- 50 employees

For further particulars contact:

David Hodgson

Colin Reid

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Features:

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The Managing Director, Naver Textiles Ltd,
94 Gipsy Lane, Leicester LE4 6RE
Tel: 0533 666551 Fax: 0533 610394

BDL Specialist Products Limited
(On Administrative Receivership)

The company produces Enesco, a chemical used in a revolutionary process for de-linking waste paper. The joint administrative receiver offers for sale the company's patent rights, stock, goodwill and entire undertaking.

Further particulars available from:
Norman H Davis & James R Austin,

Lane Heywood Davis,
Anchor Brewhouse,
50 Shad Thames,
London SE1 2YB.
Tel: 071 403 4403 Fax 071 357 6357

COMPANY NOTICES



Following the DIVIDEND DECLARATION by Ford Motor Company (U.S.) on 13 January 1994 NOTICE is now given that the following DISTRIBUTION will become payable on or after 15 March 1994.

Gross Distribution per unit
Less 15% USA Withholding Tax
2-0000 Cents
0-3000 Cents
1-7000 Cents
£0-01 129568
Converted at \$1-505

Claims should be lodged with the DEPOSITORY; National Westminster Bank PLC, Basement, Juno Court, 24 Prescot Street, London E1 8BB on special forms obtainable from that office.

United Kingdom Banks and Members of the Stock Exchange should mark payment of the dividend in the appropriate square on the reverse of the certificate.

All other claimants must complete the special form and present this to the above address together with the certificate for marking by the National Westminster Bank PLC. Postal applications cannot be accepted.

Dated 15 March 1994

LEGAL NOTICES

No. 001252 of 1994

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF BLACK TIME SYSTEMS LIMITED

- and -
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was presented to Her Majesty's High Court of Justice, Chancery Division on 22nd February 1994 for the confirmation of the cancellation of the share premium account of the above named Company.

AND NOTICE is further given that the said Petition is directed to be heard before Mr Justice Chancery on the 27th February 1994 at 10.30 am in the High Court of Justice, Strand, London WC2A 2LL on Wednesday the 23rd day of March 1994.

Any Creditor or Shareholder of the said Company desiring to oppose the said Order for the confirmation of the said cancellation of share premium account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any person requiring the same by the undersigned Solicitors on payment of the relevant Charges.

Dated the 15th day of March 1994
CLIFFORD CHANCE
200 Aldersgate Street
London EC1A 4JU
Tel: 0171 637 5505
Solicitors to the Company

TO ADVERTISE YOUR LEGAL NOTICE

Please contact Tina Mc Gowan on 071 873 4842 Fax: 071 873 3064

Smalley Excavators Limited

The Joint Administrative Receivers offer for sale the business and assets of this established designer and manufacturer of specialist machinery including compact excavators and hydraulic earth moving machinery.

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- Significant order book.
- Established in 1964.
- Leasehold premises of 6840 sq. ft. in Bourne, Lincolnshire.
- 23 employees
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For further details please contact Phil Revill, the Joint Administrative Receiver, or Adrian Allen at Stoy Hayward, Foxhall Lodge, Gregory Boulevard, Nottingham NG7 6LH. Tel: 0602 626578, Fax: 0602 626403.

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1% 25%

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(In Administrative Receivership)

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- The company's business is the manufacture of upholstered furniture.
- The company has a workforce of 130 employees.
- The company operates from a 40,000 square foot leasehold factory in Tyneside.
- The company customer list comprises a portfolio of the country's leading furniture retailers.
- Approximate annual turnover of £4.5 million.

For further information please contact either W. Paxton or P. W. Gray at Touche Ross & Co., Central Exchange Buildings, 93a Grey Street, Newcastle upon Tyne NE1 6EA. Tel: 091 261 4111. Fax: 091 232 7665.

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For further details contact the Joint Administrative Receivers: David Rowlands and Malcolm Shier, Grant Thornton, 1 Stanley Street, Liverpool L1 6AD. Tel: 051 227 4211. Fax: 051 227 1153.

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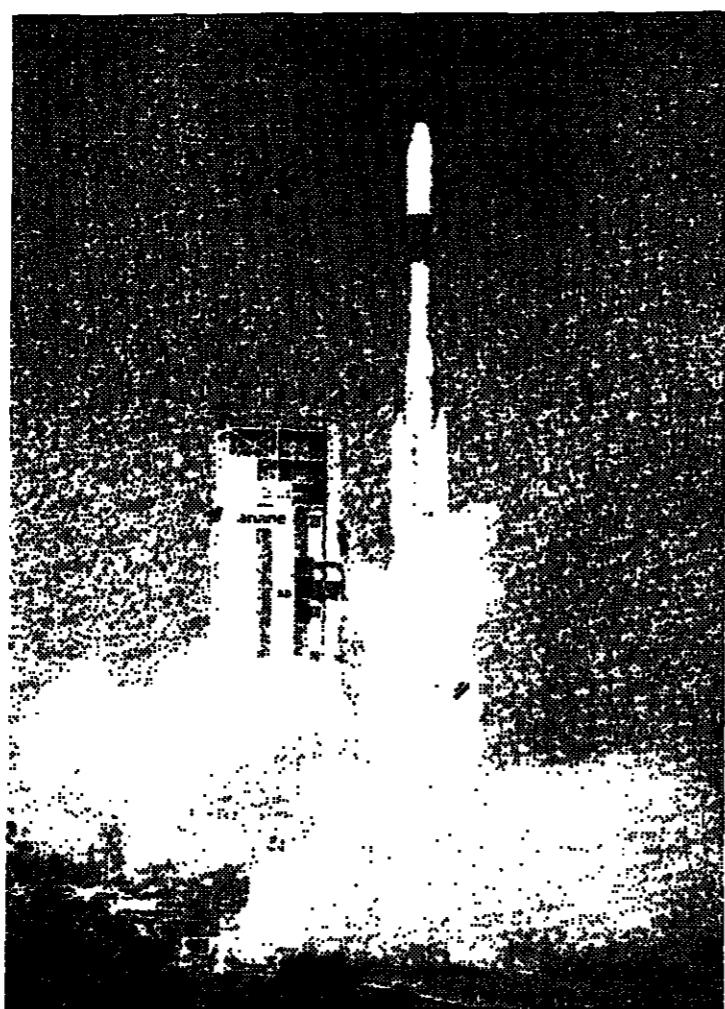
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TECHNOLOGY

Miranda Eadie on a programme to promote terrestrial uses of innovations developed for space missions

Science brought down to earth



Spin-offs from space research appear in nearly all fields of science and technology

For two decades, space technology has provided innovative technical solutions to everyday problems as well as making glamorous space exploration missions possible. The European Space Agency (ESA) has realised, however, that many more earth-based uses for space technology could be found in fields such as medicine, electronics, communications, energy and materials science.

Everyday examples of space technology transfer, the process of applying innovations developed for particular space missions for earth-based use, include the anti-scratch protective layer on plastic contact lenses, air-filled soles of high-tech running shoes, aluminium foil, digital clocks and microwave ovens.

Although technology transfer has occurred informally in space research for several years, many potential terrestrial applications remain unexploited. Lack of time, and tunnel vision on the part of research engineers, are two of the main reasons for this.

ESA therefore initiated a technology transfer programme in October 1991, with the aim of identifying space technologies that might have civil or commercial applications, and encouraging their transfer.

The initiative is run by Spacelink Europe, a consortium of technology brokers from the UK (JRA Aerospace), France (Novespace), Germany (MST Aerospace) and Italy (D'Appolonia).

Spacelink scouts ESA contractors for possible transfers, catalogues the ideas, contacts non-space companies which may be interested, and eventually negotiates a deal and takes care of inquiries.

The Spacelink catalogue, featuring the space technologies available for exploitation, is called Test (Transferable European Space Technologies) and is published annually. The latest edition, Test 3, contains 60 technologies in many fields such as optics, sensors, communications, life sciences and robotics. Including the earlier catalogues, there are 170 technologies on offer.

Spacelink's objective is for non-space companies to sign a licensing agreement or form a joint venture with the "owner" of the technology. This is either the ESA contractor, ESA itself or shared between the two. The technology may be protected by a patent, but this is not always necessary to license the technology.

Although one of the original goals of the programme was for it to become self-financing, through licensing and technology transfer services, its main aim is not economic benefit but to show that space is not just for sending rockets but can have applications on earth.

Anne Marie Hieronimus-Leuba,

head of ESA's space commercialisation office, says that it is "more concerned with showing that investment in space is paying dividends in terms of terrestrial applications, and that it is not just about sending beautiful objects into space".

The ESA also hopes the programme will increase each of the member states' financial return and share in the technology spin-off. It is an ESA policy that

each accounting unit paid by a member state into the agency budget, awarding industrial contracts should eventually flow back to that member state.

The direct terrestrial applications of space research (weather forecasting, communications via satellites, satellite television, etc)

are more evident than the indirect ones, or spin-offs, which do appear in nearly all fields of science and technology: lucid image processing

transfer looks interesting and there is a shortage of finance to carry it out. ESA may offer some financial support.

This was the case at the Brunel Institute of Bioengineering, where shape memory alloys, originally used to make linear actuators for a space bioprocessing facility, showed prospects in medicine as "staples" to mend broken bones.

The institute received £12,000 from ESA to develop these staples, and general advice was given with regard to the technology transfer. Financial support was also gained by AEA Technology after the huge interest shown in its solid lubricants which appeared in Test 1: £5,000 was donated to help pay for a short study into possible terrestrial applications.

Tony Anson, the research engineer at Brunel, is an "enthusiast" of the programme. He says that besides the programme being an encouraging initiative, the financial support is "extremely welcome in a country like the UK where the government does not have a particularly philanthropic approach towards research and where there is a dire shortage of funding". He believes he has a dozen or so technologies which could realistically have a considerable impact in the medical field, if only he could find the money to exploit them.

One of these is the use of shape memory alloys as a prosthesis for hole in the heart. Other transfers which have taken place as a result of the programme include: high stiffness composites developed by Dornier to build space structures for the Rosat X-ray satellite, which are now used for ground-based telescope reflectors and for large screens needed for training systems; ESA's software standards, which have been adopted by many space and non-space companies and which are about to be published by Prentice Hall for worldwide distribution; and image processing software, developed to analyse astronomical images, such as those from Hubble, licenced by Photek for possible application in an image intensification camera.

Although the process is traditionally slow, the programme has advanced more rapidly than expected. When it began, the goal was to secure six transfers in the first three years.

The fact that nine have already

been agreed (and that there are

many more in the pipeline) indicates great prospects for the programme. The rapidity of these transfers can, in part, be explained by the fact that 40 per cent of them have occurred in the field of software engineering where transfer modifications are minimal.

ESA invested £2m in the

programme at its conception.

The majority of this is used to pay the

members of Spacelink to run the

programme but, occasionally, if a

From Jurassic Park to Gatwick Airport

Della Bradshaw on the clarity of computer-generated designs

don't really believe them."

Brazier, too, was impressed with the photographic quality of the images. "With drawings you don't get a real feel. With the photographic quality there is no doubt what you are going to get."

He also liked the short animation sequence, which manipulated the images to give the viewer the impression of walking through the portals of the new entrance. "To be able to walk through while the design is still on the drawing board or computer is a wonderful facility.

The brief was simple: to make the entrance immediately noticeable. "We wanted something with a bit of life, a bit of interest, with a bit of sparkle," explains Simon

Brazier, InterCity's architectural business manager.

Using a Silicon Graphics workstation and software from Alias, PSD designed a number of options for the new portals. The design company then met representatives from InterCity and Gatwick Airport, which owns the site, to decide on a design.

At that point, says Steve Hughes, associate director at PSD, one of the big advantages of the system came into play. "It was a hands-on meeting, where we could pull out different elements of the design. We got lots of people round the table and they could 'buy in' to the final design."

The photographic quality of the computer-generated designs also helped, Hughes believes. "Because it looks like a photo, not a drawing, everyone can understand the image. People look through sketches and they



PSD's design for the Gatwick Express station in the airport's north terminal

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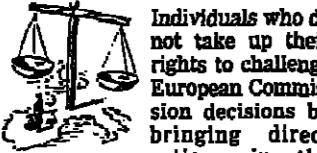
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BUSINESS AND THE LAW

When only direct challenge is valid



Individuals who do not take up their rights to challenge European Commission decisions by bringing direct actions in the European Court of Justice cannot later challenge them by way of a reference from a national court to the ECJ for a ruling on a preliminary point of law, the Court ruled last week.

The case concerned the payment of state aid to a German textile company about which the Commission had not been notified and which was therefore declared unlawful. The German government was ordered to seek restitution of the money. A copy of the Commission decision was sent to the company by the Federal economics minister who advised the company it could challenge the decision by a direct action in the ECJ.

No such proceedings were brought either by the company or the German authorities. More than six months later, the Federal economics minister withdrew the decisions to grant the aid, in compliance with the Commission decision.

The company brought proceedings for judicial review in the national courts against the minister's decision. The proceedings were dismissed at first instance. The company appealed, claiming that the aid in question had been partially compatible with the Rome treaty rules and that this vitiated, at least in part, the Commission decision declaring the whole package unlawful.

The company claimed that it was entitled to invoke this claim despite the fact that the limitation period for bringing a direct action before the European Court of Justice had expired. The appeal court referred the issue to the European Court for a preliminary ruling.

The Court set out its own jurisprudence on the issue. First, it said a decision which had not been challenged in a direct action by its addressee within the limitation period set down in the Rome treaty became definitive. Second, a company benefiting from an individual state aid which was the subject of a Commission decision was entitled to bring a direct action before the ECJ challenging it, even if the decision was

addressed to a member state. The Court said time limits set out in the Rome treaty for direct actions applied equally to member states and individuals. Thus, a member state which failed to bring a direct action within the limitation period could not challenge the validity of a decision thereafter. The reason for this was that the imposition of limitation periods safeguarded legal certainty by avoiding the situation whereby Union acts could be challenged indefinitely.

The Court then ruled that the same reasons led it to exclude the possibility of an individual beneficiary of state aid challenging a Commission decision by attacking the national measures taken to ensure compliance with it, where that individual had had the opportunity to challenge the Commission decision directly before the ECJ but had failed to do so. If it were otherwise, the Court continued, the individual would be changing the definitive nature of the Commission decision.

The Court distinguished the present case from previous ones in which it had ruled that the mere fact that a direct action had been brought before it did not stop the same party from bringing an action before the national courts in order to challenge national acts executing the decision which formed the basis of the direct challenge. The Court pointed out that in these previous cases, direct action had been brought by the individuals concerned.

The Court also distinguished another case, in which it had ruled that an individual was entitled to challenge the legality of a Commission decision by challenging a national act taken pursuant to that Commission decision.

The Court stated that the only act capable of being challenged by the individual in that case was the national act and that the individual had the right to challenge such decisions indirectly before the national courts when direct action was not available. In the present case, the individual was made fully aware of the Commission decision and the possibility of challenging it directly.

C-189/92: TWD Textilwerke Degendorf GmbH v Germany, ECJ FC, 9 March 1994.

BRICK COURT CHAMBERS, BRUSSELS

Recent reforms of the legal profession are beginning to bear fruit. Five years after Lord Mackay, the Lord Chancellor, launched his ambitious plans to find "new or better ways of providing [legal] services and a wider choice of persons providing them", traditional demarcation lines are breaking down.

Solicitors have been granted the right to appear as advocates in the higher courts. The Bar is considering allowing the public direct access to barristers. And four organisations, the Institute of Licensed Debt Practitioners, the Institute of Commercial Litigators, the Chartered Institute of Patent Agents and the Institute of Legal Executives have applied to the Lord Chancellor's advisory committee on legal education and conduct for limited advocacy rights or the right to conduct litigation.

The threat posed to the Bar by solicitor advocates has been apparent for some time, but challenges to solicitors' monopoly on the preparation of cases for trial - the so-called conduct of litigation - are new.

Solicitors have little to fear from three of the institutes. The debt practitioners want litigation and advocacy rights in unopposed debt work in the county courts. Patent agents, who already hold advocacy rights in the Patent County Court, want litigation rights in the High Court. Legal executives, who have some rights as solicitors' representatives in chambers hearings, want extended rights for limited areas of work in open court.

The application by the Institute of Commercial Litigators is a different proposition, however. The ICL was founded by construction consultants James R Knowles and Bucknall Austin and by chartered quantity surveyors Cyril Sweet, Tweeds and Beard Dove. It is seeking the right to conduct litigation in building, construction and engineering matters, including negligence disputes, in the High Court (mainly the Official Receiver's Court), county courts and in any appeals.

If its application is approved by the advisory committee and subsequently by the Lord Chancellor and England's four senior judges, members of the institute could pose a considerable threat to the solicitors' monopoly in lucrative construction and building litigation.

The construction industry is the largest in the UK with an annual turnover of some £30bn, employing around 1.3m people. Construction contracts can be extremely complex involving employers, main contractors and sub-contractors working closely with architects, quantity surveyors and consulting engineers. Problems unique to the construction industry such as bad weather, unsuitable ground conditions, combined with others such as design

Fight to take case to trial

Robert Rice on the challenge to solicitors' sole conduct of litigation



Lineen: the ICL can cut client costs

problems and material failures, result in disputes. These disputes, which often involve complex technical matters, and issues of fact and law, occur regularly.

Patrick Lineen, Knowles's finance director and a director and founder member of the ICL, estimates that the construction/building disputes market is worth about £150m a year. Construction consultants and quantity surveyors already take about 30 per cent of that market through their conduct of arbitrations. They both prepare claims and present them on behalf of contractor clients. But if a dispute goes to litigation, the conduct of the case must be relinquished to a solicitor.

This is what construction consultants object to. Mr Lineen says there is little appreciable difference between preparing a case for arbitration and preparing it for trial. But more importantly construction clients dislike the duplication of effort and additional cost when a dispute goes to court.

Paul Jensen, deputy managing director of Knowles, says the advantages to construction clients of being able to use construction consultants and quantity surveyors as

Furmston and would follow the approach currently taken by the Law Society and the Bar - a skills-based course followed by a period of supervised on-the-job training.

Consultants and quantity surveyors who are already dual qualified as barristers or solicitors would have to pass an exam on Commercial court procedures, plug any gaps in their specialist knowledge and undergo a period of supervised training.

The application is at first sight difficult to fault. But the ICL expects strong opposition from solicitors. John Bishop chairman of the 200-strong Official Referees' Solicitors Association and senior partner of Masons, one of the leading construction litigation law firms, regards competition from non-solicitors for the right to conduct litigation as "inevitable and probably a good thing".

Provided they are competing with solicitors on level terms by complying with similar standards of training and conduct he is happy to let the market place decide. But he says: "I'd be surprised in the short- and medium-term if they could match the experience and expertise that solicitors have in managing major litigation."

Andrew Lockley, head of the Law Society's legal practice directorate, says there are some obvious concerns. He foresees problems with the ICL's low membership - five members at present - and its lack of experience in training or regulating members.

"It seems odd that they haven't asked their various professional bodies, such as the Royal Institute of Chartered Surveyors, with good track records to apply on their behalf," he says.

He also foresees a problem in preserving the integrity of expert witnesses. The ICL seems happy for consultants to conduct litigation and instruct a member of their own firm as an expert witness, he says.

"It would not be possible for a solicitor, other than in very special circumstances, to provide a witness at Knowles, 26 have law degrees in addition to industry qualifications, 18 are barristers and 81 are associates or fellows of the Chartered Institute of Arbitrators.

The ICL's application was put together over 15 months and has been very carefully pitched. Its professional conduct, discipline and complaints rules are based on those of the Law Society. Training for those wishing to become fellows of the ICL would be handled by the University of Bristol under the guidance of Professor Malcolm

LEGAL BRIEFS



US legal system not consulted by 40% of low earners

Each year roughly half of low and moderate income households in the US face a legal problem but most of them do not consult a lawyer or turn to the civil justice system.

According to the National Law Journal, a US legal magazine, a survey commissioned by the American Bar Association discovered that more than 40 per cent of households in both income groups attempted to resolve problems on their own, while 38 per cent of the low-income households did nothing at all.

Asked why they took no action, respondents said they "thought nothing could be done". The most common reason given by respondents for not consulting a lawyer or using the civil justice system was they "did not think it would help".

In 71 per cent of cases where a legal need was identified by low-income households and 61 per cent in middle-income households, the civil justice system had not been involved. Most common legal problems were debt and consumer issues; housing; personal injury; and family and domestic relations.

Mr R William, ABA president, said the inability to resolve such problems simply because Americans did not have access to appropriate help was "a national tragedy".

Maternity rights

The Law Society's governing council last week adopted a proposal by the Association of Women Solicitors to enhance maternity rights to women law firm partners, as part of its model anti-discrimination policy. The move is in line with maternity rights for all women employees under the 1978 Employment Protection (Consolidation) Act. Equity partners, not being employees, fall outside the statutory protection.



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CREATING THE RIGHT CHEMISTRY

AKZO NOBEL

Hidebound by rhetoric

It has to be said at once that *Unbound*, which with *Dali: The Early Years*, makes up the spring double-header at the Hayward, is as dispiriting and misbegotten an exhibition as could be contrived. What makes it worse, if that is possible, is that it raised beforehand a certain curiosity and even a few hopes. Subtitled *Possibilities in Painting*, it promised the work of some 14 artists from around the world united only in "their passionate devotion to the physical, intellectual and emotional range offered by painting." We should have known better.

In the event it proves to be a celebration only of the kind of painting that fits the narrowed curatorial interest, which may be characterised as the orthodoxy of the conceptual avant-garde. We are in a time in which, as the Hayward's publicity material puts it, "galleries... are reporting an upsurge of interest in paintings", to which

William Packer castigates the organisers of 'Unbound: Possibilities in Painting'

disingenuous remark there are two things to say. There is no such upsurge of interest for the simple reason that there was never a downsurge; painting continues as it has always been, a principal means by which artists express their engagement with their experience of the world. Had there been one, however, any such downsurge would have been brought about precisely by the curatorial myopia and theoretical narrowness that such a show as this represents. As for the poor punter, he would be forgiven for never wanting to see "a possible painting" ever again.

The play is this. Since, to the sincere and educated curator of contemporary art, the only art to be respected is that sanctioned by its engagement with the currency of the avant-garde; and since that present currency is insistently conceptual – that is to say idea-led – and since painting, stubborn as ever, won't go away, what to do? Why, shoe-horn it somehow or other into that fixed set of received principles. That done, the position is secure from all attack – heads, we win; tails, you lose. "Those who treat painting precisely as an 'old-time religion', and they are endemic, especially in Britain," writes Adrian Searle in his catalogue apologia for himself and his colleague, Greg Hiltz, "will find little comfort here. This is not a return to order but a breaking of bounds."

But what of those of us who treat painting as, well, painting? Let us take a work by the German, Imi Knoebel "...at first

sight (it) seems nothing more than a blank sheet of plywood, pinned to the wall... it is a painting which has turned its back to us; it is the reverse side of a painted panel... it comprises several paintings sandwiched together, paintings we shall never see." Hmmm; and that makes the painter himself so special? Indeed. "He works between positions, and with all positions: he works with dualities, oppositions, repetitions and contradictions. He does not so much have a repertoire of painting, as scrutinise what a repertoire means. His work is rigorous..." And is it for him or us to turn a face to the wall, and weep?

It is easy enough to mock, but necessary. Take the American, Jonathan Lasker, whose practice is to overlay simple abstract figures, one upon another – grids, whirls and pictograms, all drawn with a self-conscious clumsiness. His has been, "a scrutiny of intention and order in painting, and yet his work is filled with paradox... the final mark... as much a denial, or cancellation... as it is a summation." Raoul de Keyser, a Belgian, presents a suite of small canvases, each painted with a perfunctory simplicity, the image sometimes roughly gestural but more often a set of rectangles, ambiguous blocks or apertures within the picture-plane. They have "the concentration of a stare... they are full of impetuosity and strangeness... the activity of painting is often a series of delays... (undermined) with some reckless manoeuvre..."

So the special pleading goes on. Michael Krebber, another German, offers imagery of an almost cynical ineptitude, its significance, we are told approvingly, "jeopardised by the abject manner of its description... What we are offered... is snatched back, in repeated acts of self-consumption." What do we learn of our own Zebdee Jones, and his "opaque, all-over, single-hued surfaces"? "The light in the paintings is fugitive, depending on how one stands in relation to the object", which is a great help.

The presence of Peter Doig and Fiona Rae in such company is a surprise, that of Paula Rego oddest of all, for whatever else they might be, they are all true painters in something more than the mechanical and process-driven sense so dear to the selectors. But Doig won the John Moores Prize last autumn, Fiona Rae has been a Turner Prize contender, and Paula Rego presents the acceptable face of narrative painting, so it was safe enough to put them in. But for the "Possibilities of Painting" that they admire in their work, we are far more likely to find them relished and explored at the Summer Show of the Royal Academy than ever at the Hayward.

Unbound: Possibilities in Painting, Hayward Gallery, South Bank Centre SE1, until May 30.

A recent Arts Council report complained that English National Opera had an insufficient stock of "revivable productions". There are no problems for the Royal Opera there: by taking fewer risks in the 1970s and '80s the company has furnished itself with a good number of productions that it can bring back again and again.

The present production of *Un ballo in maschera* has been treading the boards since 1975. It has acquired some fussy stage business lately, but in visual terms its appeal grows. Verdi's opera is set emphatically in the 18th-century Sweden for which it was originally intended, a land of cold gloomy nights and plain interiors. It was a clever idea to design the sets in the style of those at Gustavus's own theatre at Drottningholm, finally revealed in the masked ball of the title.

The theme of people in disguise is woven right through the plot, but it is no good any production hoping to dress up second-rate singers. With the Russian soprano Nina Rautio the only surprise is that such a small frame should hide such a big voice. She is not masquerading as a Verdi soprano – the top of the voice is tremendous, unfettered and powerful. Lower down a lack of Italianate colour is a

hindrance, but her Amelia makes an undeniable impact.

Unlike some sopranos, she has the grace not to dwarf Dennis O'Neill's short but sturdy Gustavus. This is one of the tenor's more effective roles, although crude Italian effects still lie alongside phrases that are shaped with genuine style. Paolo Coni was overpassed as Anckström. His bright, youthful baritone has to stretch to its limit to reach the appropriate level of gravity. Both men sounded strained at the big moments, though for different reasons.

There was *Ulrica* of some class from Jane Henschel, the fast vibrato an unusual feature, but not unappealing. Judith Howarth had all Oscar's solo under her belt, but never really makes them sparkle. The music Verdi gives her asks to dazzle with its brilliance, which Danièle Gatti made sure it did in the pit. The liveliness of his conducting would be welcome if it was not bought at the price of exaggerated speeds.

Unfortunately, the generation of Italian conductors born baton in hand with an innate command of Verdi's style seems to be dying out, as are Italian singers with voices on a grand opera scale. Today they eat pizza in Moscow, but Russian singers eat Verdi at La Scala. That is the free market in the late 20th-century.

Richard Fairman

For London opera-lovers, the Cheltenham Opera Group does indispensable service of a high order: it unearthly, or dusts off, semi-forgotten pieces whose time may have come or come again. It does that on best advice, with scrupulous preparation and a happy marriage of rising professional soloists with its own semi-pro orchestra and chorus. Sometimes its efforts inspire grander revivals; but the COG's thrifty concert-performances are still dependably rewarding in their own right.

At the Queen Elizabeth Hall on Saturday we heard *The Nightingale*, by the 32-year-old Stravinsky, and the 34-year-old Bizet's *Djamilie*: not really a close match, though both are Eastern-exotic exercises. Stravinsky's music for his fairytale China drifts between Slav folk-fantasy and percussive barbarism in the vein of *Le Sacre* – which he had composed between starting and finishing this miniature opera. The one-act *Djamilie* is pure French operetta.

The Nightingale hardly needs rediscovering, for every few years somebody puts it on with the rich costumes and balletic ritual that are part of its conception. Despite its switch of styles in midstream, which used to be thought a decisive fault, it has come to occupy – hauntingly – its own unique niche in the canon. The plain COG performance, in English, justified its recommendation. Here *Djamilie* made a bracing listen, no less illuminating than engaging: another COG success.

music, David Barrell's solid character as the Emperor and Philip Sheffield's coolly fervent Fisherman-narrator.

Djamilie came into its own in *Djamilie*, as the hedonistic young Caliph of Cairo who smokes, drinks and gambles as if there were no tomorrow, and expects a new slave-girl mistress every month. If there are young French tenors who can match Sheffield's well-arched, period-style legato, bright diction and disarmingly fresh timbre, I have not heard them. He promises to be an invaluable performer in this repertoire.

As *Djamilie* herself, the lovelorn servant slave-girl who longs to stay on indefinitely, Margaret McDonald was tremendous and chaste as only a British mezzo can be. Barrell gave us a ripe *Splendiano*, the Caliph's cynical accountant-cum-procure. The whole romance floated charmingly, and wanted only some tacky "exotic" dancing to fill it out. If Bizet's score is lightweight, its chromatic inventions reach beyond anything in his earlier *Pearl Fishers* (currently at the ENO, and warmly recommended). Here *Djamilie* made a bracing listen, no less illuminating than engaging: another COG success.

David Murray

Dance

Stars shine at Nureyev gala night

Pirouettes by the million. Stars by the score. Enough emotion to float a battle-cruiser. The great, the good, the generous, from ballet and theatre. An audience ready to rejoice, and in the process to help the charity CRUSAID. And the spirit of Rudolf Nureyev to unite us all. Thus Sunday night's gala, in which something of Nureyev's unique and uniquely potent presence was again to hold a packed theatre in thrall.

Derek Deane, to whom all praise, masterminded a show that sought – and successfully found – a way to say something about Nureyev's life and work. So such eminent figures as Vanessa Redgrave and Nigel Hawthorne, Alan Bates, John Schlesinger, Jayne Torvill, Stephen Fry; such dance colleagues as Sibley and Dowdell, Lynn Seymour and David Wall, Dame Beryl Grey and Sir Peter Wright – among many others – spoke of him, and introduced, with miraculous brevity, dancers from around the world in works which reflected Nureyev's attainments or his tastes.

Any commentary on a gala inevitably reads like a laundry list. I simply note certain high-lights in an evening that went with exemplary smoothness, astonishing speed (ah, memories of those galas that seemed to take place during a goslow by time itself), and enormous good humour. There was Irak Mukhamedov to frame Nureyev's career in the West: appearing first in an evocation of the Poem tragic in which Nureyev raced into our lives, and closing the show with Liz Robertson in "Shall we dance" from *The King and I*, and making us want to see him in the entire thing.

The Paris Opera paid grand homage to its erstwhile director, with Elisabeth Platel impeccable in *La Bayadère*, partnered by the prodigious Nicolas Le Riche, making his London debut. Also from the Opera, Charles Jude, looking hauntingly like Nureyev, in a solo to Beethoven; Isabelle Guérin and Laurent Hilaire very dashing in *Sleeping Beauty*; and Elizabeth Maurin leading in triumph a group of young dancers who fizzed and whizzed, spun and spun again. They were angels all, with Johan Robbong, Yat Seng Chang, Giuseppe Picone flying in the face of gravity, and Ambra Vallo and Marta Barabona sparkling alongside them.

Darcey Bussell was thrilling in Balanchine's *Tchaikovsky pas de deux*; Igor Zelensky (from St. Petersburg) was truly Balanchine's Apollo – serious, powerful – and Evelyn Hart and Rex Harrington from Canada were all emotion in Kylian's *Nuages*, a duet admired by Nureyev. Makarova found herself high-kicking with Kermit the Frog (and Miss Piggy, not the least of Nureyev's partners, we recall, in buoyant attendance), and Nureyev's *Romeo and Juliet* was touchingly evoked by Agnes Oaks and Thomas Edur in the balcony duet. His tremendous appearances in the *Corsaire* dust were remembered through Tetsuya Kumakawa and Miyako Yoshida on transcendental form.

There was more. And more. Stephen Fry confessed that he didn't think he could ever have been a dancer – describing his possible dance-self as looking like "a blimp filled with yoghurt". I must point out, encouraging as always, that this is the ideal physique sought by some post-modern troupes. Alan Bates was a sensitive guide to the one heart-tearing moment of the evening – a collage of film clips showing Fonteyn and Nureyev. We all wiped the eye.

But it was, in essence, a celebration of Nureyev's work and art, and as audiences knew throughout the world during his career, we left the theatre exhilarated by him, and by his influence on dancing. The programme book for the evening was most handsome, and a worthy reminder of him. And for anyone wishing to help CRUSAID's work, in memory of Nureyev's contribution to their joy in the theatre, contributions please to CRUSAID at 1 Walcott Street, London SW1P 2NG.

Clement Crisp



In strange company: 'The artist in her Studio', 1993, by Paula Rego, a true painter

Opera in London

Revivals and rarities

Unfortunately, the generation of Italian conductors born baton in hand with an innate command of Verdi's style seems to be dying out, as are Italian singers with voices on a grand opera scale. Today they eat pizza in Moscow, but Russian singers eat Verdi at La Scala. That is the free market in the late 20th-century.

Richard Fairman

For London opera-lovers, the Cheltenham Opera Group does indispensable service of a high order: it unearthly, or dusts off, semi-forgotten pieces whose time may have come or come again. It does that on best advice, with scrupulous preparation and a happy marriage of rising professional soloists with its own semi-pro orchestra and chorus. Sometimes its efforts inspire grander revivals; but the COG's thrifty concert-performances are still dependably rewarding in their own right.

At the Queen Elizabeth Hall on Saturday we heard *The Nightingale*, by the 32-year-old Stravinsky, and the 34-year-old Bizet's *Djamilie*: not really a close match, though both are Eastern-exotic exercises. Stravinsky's music for his fairytale China drifts between Slav folk-fantasy and percussive barbarism in the vein of *Le Sacre* – which he had composed between starting and finishing this miniature opera. The one-act *Djamilie* is pure French operetta.

The Nightingale hardly needs rediscovering, for every few years somebody puts it on with the rich costumes and balletic ritual that are part of its conception. Despite its switch of styles in midstream, which used to be thought a decisive fault, it has come to occupy – hauntingly – its own unique niche in the canon. The plain COG performance, in English, justified its recommendation. Here *Djamilie* made a bracing listen, no less illuminating than engaging: another COG success.

David Murray

ARTS GUIDE

Monday: Berlin, New York and Paris.

Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.

Wednesday: France, Germany, Scandinavia.

Thursday: Italy, Spain, Athens, London, Prague.

Friday: Exhibitions Guide.

European Cable and Satellite Business TV (Central European Time)

MONDAY TO FRIDAY

NBC/Super Channel: FT Business Today 1330; FT Business Tonight 1730, 2230

MONDAY

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WEDNESDAY

NBC/Super Channel: FT Reports 1230

FRIDAY

NBC/Super Channel: FT Reports 1230

SUNDAY

NBC/Super Channel: FT Reports 2230

Sky News: FT Reports 0430, 1730;

● Johnny Mathis sings Ellington on Thurs., Fri, Sat and Sun afternoon at Baltimore's Joseph Meyerhoff Symphony Hall (410-783 5000).

THEATRE

● The Sisters Rosensweig: Wendy Wasserstein's Broadway hit about the reunion in London of three American Jewish sisters. Thurs April 10 at Eisenhower Theater (202-487 4600).

● Peace and Quiet: a new play, written and directed by Kristen Kann, about a dysfunctional family. Opens on Fri at Gunston Arts Center (703-519 9123).

● Abundance: Beth Henley's comedy about two mail-order brides in the Wild West. Opens tonight at Signature Theater (703-820 9771).

ZURICH

Opernhaus Tomorrow: Glazunov's ballet *Raymonda*, choreographed by Bernd Blentz. Thurs: *Die Zauberflöte*. Fri, Sun afternoon:

Salomé. Sat: Rafael Frühbeck de Burgos conducts first night of Ruth Berghaus' new production of *Otello*, with Frederic Keil and Daniela Dassi.

Sun evening: ballet mixed bill. Mon:

Margaret Price song recital (01-262 0903).

Tonhalle Tomorrow: Piat: Yehudi Menuhin conducts Tonhalle

Orchestra in works by Gounod, Bartók, Lutoslawski and Mozart, with cello soloist Leonid Gorokhov.

Thurs: Edmond de Stotz conducts Zurich Chamber Orchestra in Haydn, Franck, Strauss and Ibert, with piano soloist Michel Béroff. Next Mon:

Wolfgang Sawallisch conducts Vienna Symphony Orchestra in Haydn, Apostol and Schumann (01-261 1600).

WASHINGTON

OPERA/CONCERTS

● Washington Opera's season ends this week with performances of *Un ballo in maschera* and *Madama Butterfly* (202-416 7800).

● Semyon Bychkov conducts

Orchestra de Paris in symphonies by Berlioz and Beethoven tomorrow at Kennedy Center Concert Hall.

On Thurs., Fri, Sat and next Tues., Otto Werner-Müller conducts

National Symphony Orchestra in works by Schubert, Rodrigo and Haydn, with guitar soloist Christopher Parkening. Leonard

Slatkin conducts Saint Louis

Symphony in the Mazzetti version of Mahler's Tenth on Sun afternoon (202-467 4600).

Christopher Parkening, Leonard

When Mr Yukio Higuchi started Kawachiya, Japan's first discount liquor store, 30 years ago, he had a hard time fending off gangsters sent by competitors to loiter around his warehouse. Discounting was virtually unheard of and shoppers were sceptical about the quality of his beers and whiskies, drastically cheaper than in other retail outlets.

Today, however, his business is buoyant. Annual sales have more than doubled over the past three years to Y15bn (US\$5.5m), and it is not the thugs he has trouble keeping out from his stores anymore, but the swarm of shoppers attracted by the cheap prices.

Kawachiya is just one example of the many Japanese discount retailers now experiencing a surge in sales. Hit by the sharp downturn of the economy and subsequent declines in overtime and annual bonus payments, consumers have curbed spending and are looking for bargains.

The shift in consumption patterns has begun to alter the archaic landscape of Japan's retail industry. Until now, Japan's traditional small corner shops and upmarket department stores have, unlike their western counterparts, seen only limited competition from supermarkets and special-ity discounters.

The start of a shake-out is evident in the sharp rise in earnings of discount retailers such as Aoyama, the men's suit retailer, which have used their bulk purchasing power to cut prices and threaten manufacturers' dominance. Taxable profits at the top five discounters last year were 94 per cent higher than in 1990 (see chart).

Success has been at the expense of Japan's upmarket and sleepy department stores, where sales fell an average of 2.5 per cent in January from the previous year, the 23rd consecutive monthly decline. Mitsukoshi expects to report losses for the year to the end of February, the second year in a row.

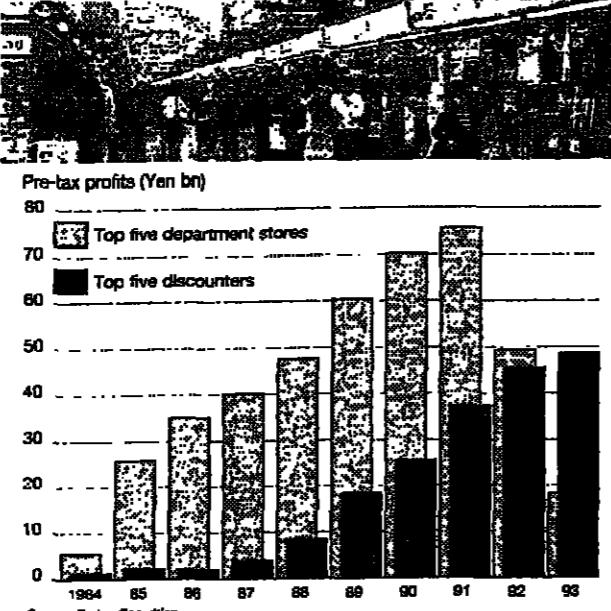
Apart from Japan's recession, several domestic and foreign factors account for the rise of discount retailing: first, pressure from the US to cut Japan's \$8.26bn trade surplus has led to the deregulation of Japan's multilayered distribution and retailing system.

In 1990 the Japanese government responded to US complaints by curbing the "anti-competitive practices" employed by manufacturers to

Cheap and cheerful

Emiko Terazono on changing patterns of Japanese retailing

Japanese retailing: competition grows



maintain retail prices at artificially high levels.

In the past manufacturers would threaten to stop delivery if a retailer failed to apply the "suggested retail price" set by the manufacturer. Not surprisingly, the habit had proved intractable because the pre-set retail price traditionally included profit margin for the four to five wholesalers along the distribution line, all of which lost out when prices fell.

The reforms of three years ago gave more power to the Fair Trade Commission, the country's previously toothless anti-monopoly watchdog, to clamp down on overpricing.

The commission forced leading Japanese beer companies, including Kirin Brewery and Asahi Breweries, to place advertisements in newspapers announcing that retailers and wholesalers were allowed to set their own prices. Last year, the commission told the sales subsidiaries of leading consumer electronics companies, including Matsushita and Sony, to allow retailers to discount their products without fear of losing supply contracts. American pressure for access

to Japanese consumer markets can also take much of the credit for liberalising the laws which protect small retailers from new high street competitors. As a result, retailers can now open stores with floor space of up to 1,000 square metres without the approval of the Ministry of International Trade and Industry. Existing small shopkeepers, often operating in premises of less than 100 square metres, tried unsuccessfully to resist this change.

Second, the first foreign retailer to set up in Japan since the retailing law was reformed in 1990, are breaking the links between the manufacturers and the high street. In 1991, Toys 'R' Us, the US discount toy store chain, became the first retailer to skip over the intricate web of wholesalers to deal directly with one of its suppliers. Nintendo, the video game maker, Toys 'R' Us undercut Japanese toy prices by leaving out the middle man. This approach has gone down so well with customers that its Japanese turnover per store is \$15m to \$20m a year, double

most observers believe that Japanese retailing will follow a pattern similar to that in the US in the 1980s, when the advance of supermarkets and discount stores forced independent retailers to specialise, become more efficient or go out of business. With structural changes in place and consumers more aware of value than in the past, it is difficult to see how the cozy, cartel-like links between manufacturers, distributors and retailers can be reformed even when the country emerges from its present slowdown.

the sales per store in the US.

More foreign retailers can be expected to follow this example if only because the number of wholesalers is expected to decline sharply through bankruptcies and mergers. Britain's Marks & Spencer, for example, and The Gap, the US-based clothing chain - long accustomed to dealing directly with their suppliers in their own markets - are expressing interest in Japan.

Third, the expansion of national supermarket chains with greater bulk purchasing power has led to price cuts of imported clothing and foods. Some supermarkets have seized on this advantage, magnified by the strength of the yen, to promote their own discount brands. For example, Daisi, the country's largest chain, has launched a private label orange juice imported from Brazil at half the price of national brands. Now its own label product accounts for 80 per cent of Daisi's total orange juice sales.

The company has been a pioneer of the profound changes affecting Japan's conservative high streets. Mr Dean Perry, who studies the retail market for Lehman Brothers, the broker, in Tokyo, says "Wal-Mart wannabes" will continue to take market share from "mom and pop" corner stores and department stores. These are price-efficient discount chains modelling themselves after Walmart, the largest discount chain in the US.

Isetan, a leading department store, reckons that one way to attract consumers is to specialise. So it has formed a joint venture with Barneys, the upmarket fashion store in New York, to open a Tokyo shop for high-fashion customers.

Most observers believe that Japanese retailing will follow a pattern similar to that in the US in the 1980s, when the advance of supermarkets and discount stores forced independent retailers to specialise, become more efficient or go out of business. With structural changes in place and consumers more aware of value than in the past, it is difficult to see how the cozy, cartel-like links between manufacturers, distributors and retailers can be reformed even when the country emerges from its present slowdown.

Nobody, not even the most sceptical of us, should rejoice at US President Bill Clinton's self-inflicted discomfiture. The spectacle of his proud wife, Hillary, being obliged to justify herself in magazine interviews may satisfy some, but it is not good news. When the White House is in trouble, everyone is.

This proposition, which has informed western policy for the past 50 years, remains true in spite of the end of the cold war and the subsequent inability of President George Bush to establish a new world order. In President Clinton, we have a reluctant internationalist, but our ultimate dependence on the Americans remains the same. The US is no longer willing to intervene in every country that falls victim to invasion or civil war, but it is the only superpower left. When its chief executive is distracted, it affects every national interest.

You cannot get around this by saying that only the domestic programme now before Congress will be affected by the debilitating atmosphere of suspicion that has suddenly descended on the presidency. Mr Warren Christopher may fly to China and Russia in an effort to produce a coherent foreign policy, but that does not constitute evidence that the secretary of state's agenda has the full attention of the White House. President Clinton's healthcare and welfare bills are under greater immediate threat from Congress than his inchoate foreign relations, but that does not alter the case. A US president who is weak at home cannot be strong abroad. If he fails to get healthcare through Congress will be that much more difficult to persuade when he tries to send US troops to keep an

peace in Bosnia.

To the question, "Is the US government on hold?" I was given a simple one-word answer by White House officials last week. "Yes." The sudden explosion of media interest in the Whitewater affair has left Mr Clinton frustrated.

Granted, he is not standing still. He is out and about, offering some, but it is not good news. When the White House is in trouble, everyone is.

still be debating how to do it, in seminar.

New presidents often get into difficulties in their first year or so. In 1980-81, President Ronald Reagan's officials were similarly disorganized. One being told that messages from his staff conflicted with one another, Mr Reagan remarked with his actor's rueful smile that "in this White House, the right hand sometimes doesn't know what the extreme right hand is doing".

Mr Clinton is not yet ready to joke his way into happier times. The origin of the Whitewater affair was a land deal in Arkansas some 15 years ago. Few White House officials at any level doubt that some evasions of the civil law occurred. Perhaps tax was terribly paid, or the influence of the then governor Clinton was improperly used to protect his friends or his wife Hillary, a partner in the state's most powerful law firm. The trouble is

that, whenever he appears, he is asked about Whitewater.

Last week Georgia's President Eduard Shevardnadze had to stand silently by Mr Clinton's side, squirming, while a press conference called to mark his visit was turned into a Whitewater inquisition. When the US president is with his staff at 1600 Pennsylvania Avenue, his quicksilver mind is similarly diverted. He must pay attention to this or that strategy meeting on how to get out of the mess. He has no overall chief to turn to, no top-down command structure.

The Clinton White House is composed of loosely interlocking taskforces, *ad hoc* seminars, groups and committees. "That's why I don't believe the wild accusations about bumping off Vince Foster," one close observer said, speaking of the Clinton associate who committed suicide. "This lot would

attempt to conceal the details, everyone at the White House agreed that this was a "mistake". Some even beg you to hear their confessions. So far, so unserious. The trouble comes with the next layer of speculation. Nobody I met will confidently affirm that Alabama-style petty corruption and an attempt to hide it is the first. The Republicans may conclude that being totally obstructive in Congress would rebound on them. Mrs Clinton could absorb most of the opprobrium. Mr Clinton could stop trying to do too much at once, and succeed in what he focuses upon.

The consensus among experienced damage control advisers is that the best policy is to get the whole story, every embarrassing detail of it, out as quickly as possible. Let

your fingers cross.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Wrong tune for the unskilled

From Mr G Simon.

Sir, Professor Adrian Wood (Personal View, March 10) proposes stimulating the employment of unskilled workers by increasing the cost of employing skilled workers.

As the oldest piano maker in the world, we very much hope that this imaginative idea is adopted in mainland Europe, where the professor believes that there will be applause for his suggestion. The Wood plan should be of great benefit to our export trade there since it would put up European costs and prices and thus be disastrous for our local competitors.

However, given the risk that the Wood plan would simply add to the level of unemployment in Europe by the collapse of the businesses which employ the expensive skilled workers, perhaps that would not be to our benefit. With growing unemployment, maybe the Europeans would not be able to afford our pianos after all. I suggest that the professor is encouraged to study the problem of unskilled unemployment again and to ask himself whether a better answer is to increase the demand for skilled workers and thus provide an incentive for the unskilled to be trained. Or is that too American for him to tolerate?

G M Simon.

John Broadwood & Sons,
55a High Street,
Stony Stratford,
Milton Keynes MK11 1AA

Possibly

From Mr Ken Mackenzie.

Sir, With reference to the Franglais row, perhaps it is relevant to note that the French for "No" is "En principe, oui".

Ken Mackenzie

66 rue de Lévis,

75017 Paris

Right jobs for the right people

From Mr Richard Thomas.

Sir, Michael Prowse ("A misguided focus on job creation", March 14) says that "inequality is simply the price we pay for a general level of prosperity unimaginable under any other economic system". I agree - though I would argue about the levels of inequality he regards as necessary.

What I cannot agree with is his use of the word "we". Michael Prowse is not paying the price of inequality, except perhaps in higher insurance premiums for his car. This is not a rant against Mr Prowse, whose ear is usually pretty close to the ground: who exactly pays the "price" he describes is - or should be - central to discussions on employment.

The debate in Detroit this

week about the apparent trade-off between more jobs and better jobs, the concerns of the Europeans and Americans respectively, have missed at least half the point: who gets the jobs. If it is the same individuals and families who suffer from market-generated inequalities, the result is US-style ghettoisation, crime, fear and waste. Spreading the pain around is as important as pain

reduction.

An example of this crucial distributional issue in the UK is the growing gap between "work-rich" (two-earner) and "work-poor" (one-earner) families. The jobs which have been created have been taken at the top by men, who work the longest hours in Europe, and at the bottom by their over-quali-

fied wives who want to combine part-time paid work with looking after their children.

This trend is caused by the inflexibility of our welfare system and the insistence of men to work such long hours (a million extra jobs could have been created in the 1980s if working hours had continued declining).

Of course job creation is vital. But equally important is the efficient and equitable functioning of labour markets.

Governments can and should play an important part in making this, the most important of all markets, work better.

Richard Thomas,
Institute for Public Policy
Research,
30/32 Southampton Street,
London WC2E 7RA

Clearing up an esoteric banking point

From Mr John Apperley.

Sir, Ms Isabel Ashman (Letters, March 10), like many others, may have been confused by the at times esoteric debate on the clearing cycle. There are two elements which have been confused: first, the amount of time it takes before (a bank) pays interest on a cheque ("Lloyds gives way on cheque clearing", March 4) and, second, the amount of

time before a customer can use the funds.

Your article was correct in saying that Lloyds, Midland and NatWest will pay interest two working days after the deposit of a cheque, which has long been Barclays' practice.

However, as cheques can still bounce after that time, it takes longer until customers can use the money.

There are still variations

In step with most intense competition

From W N S Calvert.

Sir, You comment in your leading article on Europe's competitiveness ("How Europe can compete", March 9) that the poorest performance among European industries is in those most exposed to international competition.

This is the reverse of the truth in the case of Europe's footwear industry. Unlike textiles, it has had no protection and yet has stood up to formidable low-cost competition far

better than its US and Japanese equivalents. This is despite a severe handicap in exporting in that most third countries, including those with the most competitive industries, do not themselves accept imports.

As a result EU footwear production has inevitably fallen. However, a recent study carried out by Brussels showed that, given world-wide free trade, this fall would actually be reversed.

The industry has stood up

well because it produces the world's best shoes, and because it has adapted skilfully to its *ridiculous trade environment*. But it will only thrive if Brussels becomes much more determined than hitherto to win for it a level playing field in international trade.

W N S Calvert
director general
British Footwear
Manufacturers Federation,
72 Dean Street,
London W1V 5HH

toughen entrance qualifications. This should be to the point where getting into university is once again seen by a young person's family and friends, as it used to be, as a significant achievement rather than just a way of keeping away from the dole queue. Exams should also be toughened within the universities to the point where graduation is again seen by employers as evidence of that young person's ability to work effectively, to reason accurately, and to speak grammatical English.

George Worthington
& Abbey View Road
St Albans Herts

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FINANCIAL TIMES

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Tuesday March 15 1994

A good deal for Poland

Poland's agreement with the London Club for the reduction of its \$13.2bn commercial bank debt is a good deal for the country. It opens the door for a resumption of lending to Poland on normal commercial terms, after a lengthy hiatus. Above all, it sends a signal to private investors that investment in Poland is a normal risk.

The outline terms agreed in Frankfurt last week still have to be fleshed out by months of detailed research into the exact amounts of debt and accrued interest owed to each of the 400 or so banks involved. Warsaw also still has to make known the amount and terms of its debt buy-back. But the agreement indicates that the banks are to a write down between 42.5 and 45 per cent of the net present value of the debt. This is more generous than the secondary market had been expecting. The price of Polish debt accordingly fell after the deal was announced.

Neither side obtained exactly what it wanted. The Polish team had been seeking a 50 per cent reduction, similar to that obtained from the Paris Club of official creditors on \$35bn of government-backed loans three years ago. But the banks refused to be bound by the Paris Club agreement, which obliged the Polish government to seek comparable terms from the banks. While aware of the tight, IMF-approved budgetary constraints on the Polish government, the banks argued that their shareholders could not be treated in the same way as governments, which agreed to a 50 per cent write off as a political gesture of recognition for Poland's role in the downfall of communism and support for its pioneering market reforms.

Three years down the road, those reforms have started to pay off. Last year Poland, with 4 per cent growth, boasted the most dynamic economy in recession-struck Europe. This year growth is expected to accelerate to 5 per cent, albeit against the background of inflation at 36 per cent last year, a 15 per cent unemploy-

ment rate and a \$2.3bn trade deficit.

Foreign investment is needed if such growth is to be sustained. The way that Polish companies, constrained by reluctant banks and expensive loans, have managed to fund their own expansion out of retained profits has been impressive. The explosive growth in Polish share prices is another indication that Poland's ability to finance growth out of its domestic savings may be higher than could have been imagined one year ago. But even this will not be enough.

Access to international capital markets on normal commercial terms is essential if Poland is to fund the heavy infrastructure investment needed to modernise road, rail and telecommunication links, restructure the energy sector, and reduce pollution. Improved infrastructure is required if the current recovery is to be turned into sustained rapid growth. The London Club agreement will facilitate such access to foreign capital.

Above all, however, the Frankfurt agreement will encourage equity investment. This is the kind of investment most needed by all post-communist countries, because it brings technological know-how, managerial skills, new exportable products and access to world markets. Until now Hungary, with a higher debt burden per head than Poland but an impeccable repayment record, and the Czech Republic have received the lion's share of inward direct investment. Now Poland, with its market of 35m people and strategic position, is poised to compete more effectively for such funds.

This is one of the most important prizes Poland has earned for persevering with its painful market-orientated reforms. Both Poland and the London Club have sent a clear and powerful message to countries like Russia and Ukraine, whose faith in market reforms, never strong, is faltering. If you stay the course, there is hope. If you waiver, the pain can only get worse.

Basic gallantry

Standards in British public life have declined in the last century or two. Or have they? The armed forces at least seem to have improved, either in military prowess or in private morality, or both. Or maybe it is just that Britain is now safer than it was during the Napoleonic wars, and so can be chooser about its military leaders.

In those days the nation was reduced to entrusting its fortunes to notorious adulterers. The Duke of Wellington, it will be remembered, was unworried by Miss Harriette Wilson's threat to publish her autobiography, and with good reason.

He knew that Lord Nelson had been allowed to retain his command, in spite of his public and prolonged dalliance with the wife of a senior diplomat. Both noblemen got away with what the admirable Lady Buck - whose public spirit last week triumphed over mere sentimental loyalty - would no doubt have called "the most immense security risk".

Thank goodness times have changed. There are now whole pla-

Rescued

The British way of receivership, administration and liquidation is, by comparison with, the German approach, a rough old business. But the Department of Trade and Industry has recently been doing its best to foster a more constructive climate for insolvency practice in Britain. The Appeal Court ruling in the Paramount Airways case clearly created uncertainty about the personal liability of insolvency practitioners in relation to employees' contracts and thus threatened jobs. Against that background Mr Heseltine's decision to amend the 1986 Insolvency Act is a commendable step down the road towards a rescue culture.

To anyone but a lawyer the grounds for the Appeal Court's decision looked pedantic. Until now, receivers and administrators have followed earlier case law to avoid liability under the act for all contracts that they adopt after their appointment. This has involved writing to employees within a 14-day period to disclaim liability for employment contracts. Lord Justice Dillon decided that this was purely cosmetic; and that where administrators and receivers continued to employ staff and pay them in accordance with their previous contracts they would be deemed to have adopted those contracts.

The worry was that insolvency practitioners would feel unable to take on the increased risk of keeping the company afloat with a view to sale as a going concern and conclude instead that liquidation

the UK labour market is behaving with all the unpredictability of the weather at Wimbledon. As the economy came out of recession, unemployment began falling earlier than most experts had expected. It stopped falling last summer, continued falling in the autumn, and then stopped again in January.

At the core of most explanations for this erratic behaviour is the notion that the labour market has experienced a significant change in flexibility. The government says that its policies of promoting flexibility - by, for instance, reducing the power of trade unions - are responsible for the earlier than expected fall in the jobless total. That is the success story Mr Kenneth Clarke, the chancellor, was parading at the two-day Detroit job summit yesterday.

Similarly, businessmen (see below) agree that increased flexibility explains the unexpected fall in unemployment, though they claim the credit for themselves. But critics say that far from being a straightforward positive development, flexibility has merely allowed full-time jobs to be repackaged as part-time ones, creating an illusion of more work in the economy. Some go further, adding that whatever the advantages of flexibility to individual employers, it has the big disadvantage of increasing employee insecurity, damaging consumer confidence in a fragile economy.

Amid the conflicting explanations, there is one certainty: unemployment has been falling. Even looking International Labour Organisation figures (which are based on survey evidence and are judged a better indicator than the government's unemployment benefit claimant statistics), the jobless total fell by nearly 100,000 between winter 1992 and winter 1993. Most City analysts expect that trend to continue when the government tomorrow publishes its seasonally-adjusted total for February.

The main reason for falling unemployment has been a reduction in the flow of people coming on to the jobs market. Companies have been sacking fewer people and the number of young people coming on to the market is lower than in the early 1980s, thanks to demographic changes and more pupils staying on at school after reaching 16.

More debatable is whether many jobs are being created. This does not seem to be the case in manufacturing, where employment has been sliding since 1983, with only a slight upward blip in the late 1980s. In the economy as a whole, there was a small increase of 67,000 in the number of employees in work between January and September 1993 from 21.85m to 21.92m, according to the Labour Force Survey, published by the Department of Employment.

But over the same period the number of full-time jobs fell by 40,000 and part-time jobs increased by more than 100,000. Thus, when the figures are calculated in terms of "full-time equivalent" jobs, the increase is negligible. Further supporting the conclusion that work is

being spread around rather than growing, are figures for working hours, which fell from 936m per week in 1992 to 927m in 1993 (the 1990 peak was just over 1bn).

The idea that work is being spread may seem beneficial, but many people are being excluded: employment market experts say job losses are concentrated among low-skilled male workers whose partners do not work (voluntarily or because the welfare system provides a disincentive to enter employment) while new part-time jobs are in general being taken by women whose partners are in work.

There is some evidence that the male share of part-time work is starting to rise, as manufacturing follows the service sector in increasing its use of part-time labour, but men still constitute only 15 per cent of the 5.9m part-time workforce.

The government says, nevertheless, that growth in part-time employment is a welcome development, shortening the time lag between changes in economic output and unemployment levels. This has some truth to it - but is only part of the story. According to a recent analysis by the US investi-

In, out, share the work about

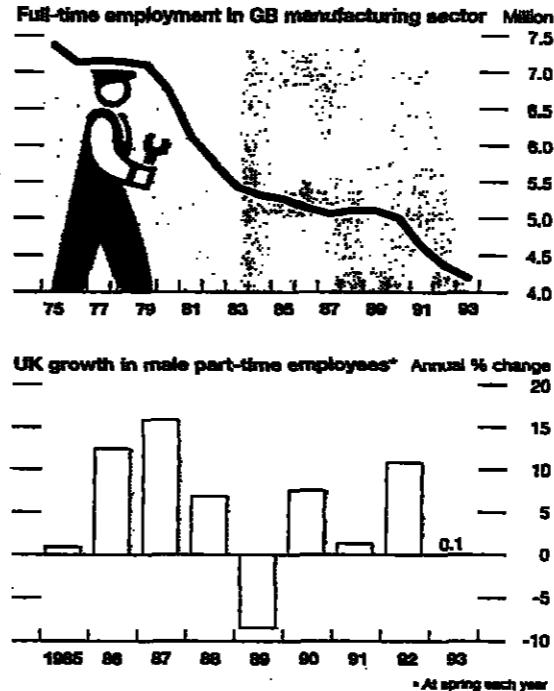
David Goodhart tests how far labour flexibility has reduced UK unemployment

Employment: part-time Britain?

Part-time employees in Great Britain



Source: Employment Department, Datastream



being spread around rather than growing, are figures for working hours, which fell from 936m per week in 1992 to 927m in 1993 (the 1990 peak was just over 1bn).

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The government says, nevertheless, that growth in part-time employment is a welcome development, shortening the time lag between changes in economic output and unemployment levels. This has some truth to it - but is only part of the story. According to a recent analysis by the US investi-

ment bank Goldman Sachs, the main reason why unemployment fell faster after the end of the latest recession than after the 1981-83 downturn was because the working population was growing faster in the early 1980s.

Another important part of the improvement, was the result of a "bounce-back"; over pessimistic employers shed labour too rapidly at the time of the autumn 1992 European Exchange Rate Mechanism crisis and had to increase employment when the impact on the economy turned out to be less detrimental than feared. But it was also, says Goldman Sachs, due to an improvement in labour market flexibility which led to employers taking on more part-time workers instead of increasing overtime. As a result, the average hours worked by full-time employees fell between summer 1992 and summer 1993 from 36.5 hours a week to 36.3 hours a week to 36.3 hours a week.

So is Mr Kenneth Clarke right to claim that the current government is responsible for creating that more flexible market? If he is claiming credit for the growth of part-time work, the answer is no. The weakening of union power in

the 1980s may have removed an obstacle to the increasing use of part-timers and outside contractors. But many of the legislative and financial incentives for employers to take on part-timers - such as exemption from many work-related benefits - have been largely unchanged for 25 years.

Moreover, contrary to the view that part-time work has only recently started to accelerate, it increased at a slightly faster rate in the more regulated and union-dominated labour market of the 1970s than in the 1980s. In 1971 the number of part-time employees was 3.3m or 15.3 per cent of all employees, by 1981 the figure had jumped to 4.5m and 21.2 per cent of all employees. By the end of 1991 the total had increased to 5.7m or 26.4 per cent of all employees.

This suggests that the rise in part-time work is driven as much by broader business and social trends - such as the growing demand of married women for part-time employment - as by deregulation. For that reason this month's House of Lords ruling, based on European Union law, that part-time workers should have the

same rights over redundancy pay and unfair dismissal as full-timers, may prove to have relatively little impact on demand for part-timers.

However, the government can claim some credit for other factors which may be contributing to job creating flexibility. The growing divergence between the pay of skilled and less skilled workers, encouraged by measures such as the abolition of wages councils, may have prevented demand for low skill labour falling further.

The reduction in benefit payments relative to income from employment, may also have encouraged some people to accept jobs which they would not have done in the 1970s.

The government is on firmer ground in claiming credit for creating more flexibility among those with jobs. Over the past decade, government-inspired curbs on union power, as well as the shadow of high unemployment, has certainly reduced resistance to moves by employers to take more control over pay and working practices.

The corollary of this new flexibility within companies, according to some analysts, is a pervasive insecurity in the British workplace. Mr Eric Salama, joint managing director of the Henley Centre, says that the combination of employment insecurity and the feeling that the state will no longer provide for people is having a strong impact on consumer confidence and savings. Nearly one-fifth of respondents to a recent Henley survey said that concerns about job security had prevented them from making major purchases in the last 12 months.

However, worries about greater insecurity in the workforce may be exaggerated. Employment department figures on the number of people in "atypical work" - casual, temporary, contract or seasonal - show a slight fall over the past 10 years. The total fell from 1.08m in 1984 to 1.05m in 1993, although within that total, contract work has doubled to 600,000.

It may be that such statistics are not picking up other aspects of a more flexible and less secure labour market: the increase in the proportion of the working population who fear losing their jobs and the increase in job-hopping.

But it may also be that consumer spending, now back at pre-recession levels, can adjust to the new labour market flexibility thanks to the creativity of the consumer finance industry, for example by adapting hire purchase schemes to be more like leasing deals.

In any case, recent improvements in labour market flexibility are unlikely to be reversed: as markets and technology change rapidly, the relationship between employers and employees is becoming more fluid. The British experience is that not everyone benefits; the picture is still of some people moving into employment - but others moving out. That suggests flexibility alone is insufficient to make a large dent in the unemployment mountain.

market, particularly through the structure of social security payments.

"It is simply not true to say that there is more flexibility in the marketplace as far as part-time work is concerned," he says. "Only this week I wanted to extend the hours of one of my members of staff, but she couldn't do it because of the losses to her social security benefits that the extra hours would have entailed."

Another test of a responsive labour market is the ease with which employers can hire and fire to cope with changes in demand. Until the mid-1980s, the bill for making redundancy payments was refunded through the National Insurance Fund. Now employers have to carry the burden themselves, and this appears to be restricting the flexibility of the jobs market. This is particularly so for small employers, for whom the cost of redundancy is prohibitive.

Emma Tucker on the employers' view of the jobs market

Shifts in perception

part-time positions. "We spread the available work across more people," says Mr Cameron. The move has also allowed Burton to respond more efficiently to busy and slow periods in its clothing stores, he maintains.

Other employers say a change in union attitudes helps explain different work patterns. Describing the flexible approach to hours now adopted by Courtaulds Clothing, the clothing division of Courtaulds Textiles, Mr David Hunt, personnel executive, says: "The trade unions would not have talked to us about such changes some years ago, because they were banned by union policy and conference mandates. Now they understand that, if there is going to be a recovery in the

industry, which is much smaller than it was, they need to be well aware of what it takes to satisfy the customer."

His view is shared by Mr Geoff Armstrong, director-general of the Institute of Personnel Management. "Government reforms were not the primary driver behind all the changes in working practices," he says. "These were things that would have happened anyway. More and more managers and employees have had to find innovative ways of working in order to compete, and many trade unions have been supportive of the process."

Some employers are more cynical, believing that the high number of unemployed people, unable to

find full-time work, means that employers can save money by hiring part-time staff.

"I don't think there are massive structural differences between now and 10 years ago," says Mr Paul Dowling, head of corporate affairs at Asda, the supermarket chain, which employs many part-time workers. "The labour market just

waxes and wanes with recession."

Mr Ian Handford, national policy chairman of the Federation of Small Business, agrees: "The thing that makes life easiest for employers now is simply the number of full-timers looking for jobs, part-time or otherwise."

As far as he is concerned, the government continues to hinder the efficient functioning of the labour

market, particularly through the structure of social security payments.

"It is simply not true to say that there is more flexibility in the marketplace as far as part-time work is concerned," he says. "Only this week I wanted to extend the hours of one of my members of staff, but she couldn't do it because of the losses to her social security benefits that the extra hours would have entailed."

One front-runner was "Making Europe Work for You". Rather dull, admittedly, but it has the merit of being studiously neutral and fits in nicely with a similar Tory theme for the May local government elections.

But there's a snag - isn't there always these days for the Tories? It turns out that Paddy Ashdown's Liberal Democrats - unpatriotic federalists in Tory eyes - have already unveiled their slogan: "Making Europe Work for Us".

Back to the drawing board at Central Office. Perhaps "Making Europe Work for Them"?

On manoeuvres

So much for the senior service. One of the odd aspects of the resignation of Sir Peter Heseltine as chief of the defence staff is that the Army's Sir Peter Linge, the eldest of the three service chiefs, has leapfrogged Admiral Sir Jock Slater, the vice chief, to take control of the country's defences on a temporary basis at least.

Inge is regarded as a "soldier's soldier" rather than a "Whitehall warrior", so he might well be the forces' favourite for the job on a permanent basis. The other oddity is that, while Sir Peter has resigned as chief of defence staff, he has not resigned as a marshal of the RAF and so remains technically on the "active service" list along with all the other five star officers.

Perversely enough, he asserted that at yesterday's launch of a £4m project - led by the British Council - to help the world learn English.

The prince lamented the drop in standards of spoken English over

Droit de seigneur

Prince Charles - Britain's future king, who has admitted talking to his vegetables - speaks neither Japanese nor Chinese, but thinks the rest of us should learn.

Perversely enough, he asserted that at yesterday's launch of a £4

Cost Cutters



FINANCIAL TIMES COMPANIES & MARKETS

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Tuesday March 15 1994



IN BRIEF

More good news from ABB

Mr Percy Barnevik may court controversy with his opinions, but he always preferred to hit the headlines by announcing good news from Asea Brown Boveri. Last week, he wasted no opportunity to do so. Page 26

WII Lightning Jack go down in flames?



The weekend panning of Paul Hogan's latest film, *Lightning Jack*, by New York critics has become hot stock market news in Australia. The reason: *Lightning Jack* was financed by Australia's first publicly-quoted film trust. Page 27

Payless buyout threatened

The buy-out of Payless, the US drug store chain owned by Kmart, has run into opposition from banks threatening one of the biggest buy-outs launched in the US since the 1980s. Page 27

Cathay drops plan to dent Swire

Profits at Swire Pacific, the Hong Kong based property, aviation and trading group, rose 5.4 per cent. Last week Cathay Pacific, Swire's 51.8 per cent owned airline, reported a 23.8 per cent fall. Page 28

Spring clean for Japanese banks

With the March financial year-end fast approaching, Japanese banks are scrapping to spruce up their books and rid their balance sheets of bad loans resulting from the reckless lending of the late 1980s. Page 38

Good times for Chilean farmers

Agriculture in Chile is booming. The climate in the main agricultural area is Mediterranean and snow melt from the Andes provides water for irrigation. Soil quality is mainly good and productivity is improving. Page 34

Waiting for Buba to cut

European equities stabilised yesterday, in line with a feeling among European analysts that the Bundesbank would cut interest rates at its council meeting in two days' time. Back Page

Rugby raises final payout

Rugby, the UK centric group, announced it was raising its final dividend from 3.8p to 3.92p making a total of 6.75p for the year. Most forecasters had expected the company to do no more than hold the dividend. Page 30

Companies in this issue

ANI	28	Hugo Boss	28
Abusus Lloyd's Inv	33	IDO	8
Air Canada	27	ISA Int'l	33
Amico	27		
Anglo United	27		
Asian Brown Boveri	27	Investor	25
Asian-Merit Lagonda	25	JIB Group	31
Automobile	25	Johnson Cleaners	32
Acme Mining	33	Kumagai Gumi	8
BSM	28	Linde	26
Banco Cent Hispano	26	MAI	30
Bang & Olufsen	8	Mettalgesellschaft	25
Bersford	26	Motorola	8
Berkley Group	25	North West Water	26
Boehringer Mannheim	27	17 Owners Abroad	17
Bongan	26	Payless	27
Calderburn	31	Peaks	31
Cookson	31	Persimmon	32
Corange	25	Porter Chadburn	25
Costain	25	Prbury Group	25
Davidoff	25	Reich	25
Euro Clay Chals	30	Seac Holdings	33
Euro Disney	26	Sea Containers	31
European Leisure	26	Simon Engineering	30
Export-Invest	26	Spring Ram	30
Fairley	27	Sprint	27
Ford	2	Sumitomo Rubber	27
Fujitsu	26	Suzuki	26
GEC	8	Swiss Pacific	26
GKN	32	T. Cowle	17
GRT Bus Group	32	TR Property Trust	32
Gooding Consumer	32	Tokai	33
Greaves	33	Tom & Lyle	26
GTE	26	Toshiba	26
Hammerson	33	Wat Disney	26
Hartstone	33	Warrington	30
Hornficks	32	Westland	32
Hornficks Farms	32	Young (H)	32

Market Statistics

All annual reports service	35-37	Foreign exchange	42
Benchmark Govt bonds	29	Gilt prices	28
Bond futures and options	29	Life equity options	Back Page
Bond prices and yields	26-37	London share service	26-37
Commodities prices	34	London trad options	46
Dividends announced, UK	39-42	Managed funds service	42
Dividends paid, UK	29	Money markets	24
Eurobonds prices	29	New int'l bond issues	25
Food interest indices	29	Recent issues, UK	25
GTE-A World Index	Back Page	Short-term int'l rates	22
GTE Gold Mines Index	Back Page	US interest rates	22
GTEMS Int'l bond ave	29	World Stock Markets	22
GTEMS Int'l bonds Indices	35		22

Chief price changes yesterday

FRANKFURT (DAX)		BP	256.7	+ 8.7
Ades	875	+ 35	Bankai Co	+ 17
Daimler-Benz	447.5	+ 23	Seb SA	+ 17
Deutsche	433	+ 14	Fafsa	
Mercedes-Benz	639	+ 25	Fluks	
Siemens	691.7	+ 17	Euro Disney	33.8 - 2.8
Volks	374	+ 14	Rosser-Uclaf	+ 10
Wies	38	+ 1		
Federal Exp	70.4	+ 3	Colgate	+ 24
IBM	57.7	+ 1	Compaq Inc	+ 89
Microsoft	624.4	+ 12	Reha Chemical	+ 37
Pfizer	57.1	+ 1	Kurata Chem	+ 49
Siemens	56	+ 1	Victronics	+ 200
Lockheed Corp	45	+ 1	Fafsa	
PABCO (FPR)	45	+ 1	Bayer Pharm	+ 20
Pfizer	850	+ 20		
Air Liquide	850	+ 20		
New York prices at 1230pm				
LONDON (FTSE)				
Ades	45	+ 4	London Elect	+ 25
Daimler-Benz	169	+ 5	MAI	+ 184
Deutsche	350	+ 12	Shireman JI	+ 16%
Mercedes	105	+ 6	Scotiabank	+ 10
Euro Disney	171	+ 11	Stora En	+ 11
Siemens	277	+ 11	Sticky Kids	+ 7
Volks	145	+ 25	Spring Ram	+ 67
Ciba-Geigy	153	+ 12	Fafsa	
Comptech	153	+ 12	Euro Disney	+ 28
Deutsche	142	+ 12	Eurostal	+ 21
Merck	153	+ 15	Mersey Docks	+ 14
Glaxo	153	+ 19	Tokare	+ 8
New York prices at 1230pm				
LONDON (FTSE)				
Ades	45	+ 4		
Daimler-Benz	169	+ 5		
Deutsche	350	+ 12		
Mercedes	105	+ 6		
Euro Disney	171	+ 11		
Siemens	277	+ 11		
Volks	145	+ 25		
Ciba-Geigy	153	+ 12		
Comptech	153	+ 12		
Deutsche	142	+ 12		
Merck	153	+ 15		
Glaxo	153	+ 19		

Alice Rawsthorn and Martin Dickson report on restructuring at the European park

Walt Disney prepares to share the pain

For the past two weeks a team of executives from Walt Disney's Los Angeles headquarters has been held up in a Paris lawyers' office trying to piece together a rescue deal for Euro Disney, the stricken Euro park leisure group.

Their efforts were rewarded on Sunday when the Disney negotiators and a steering committee of Euro Disney's banks, signed an outline agreement for a package worth roughly FF113bn (\$2.2bn) that should save Euro Disney from the receivers.

The two sides have since been thrashing out an agreement. The main elements are a FF1.4bn rights issue and a FF1.4bn transaction whereby Disney will lease two of the theme park rides - the Temple of Doom and Discovery Mountain.

The US group will also waive its rights to royalties and management fees for five years: while the banks will accept an 18 month interest holiday on their loans.

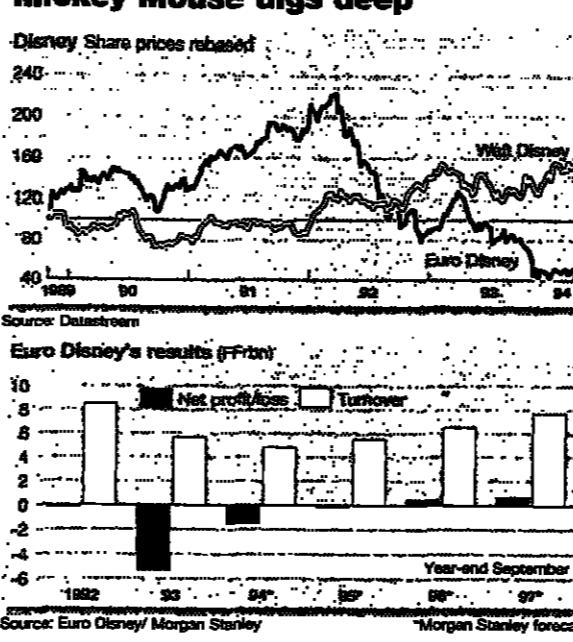
Walt Disney had some operational problems, aggravated by the economic recession which meant that, although attendance levels were almost in line with expectations at around 11m in the first year, expenditure at the park fell below expectations.

But the crux of Euro Disney's difficulties was its financial structure. Disney had financed EuroDisneyland's construction through the flotation of the remaining 51 per cent stake and through loans. Euro Disney had originally expected to reduce its debt by selling property around the park, but the recession forced it to abandon this. Meanwhile the high rate of French interest rates

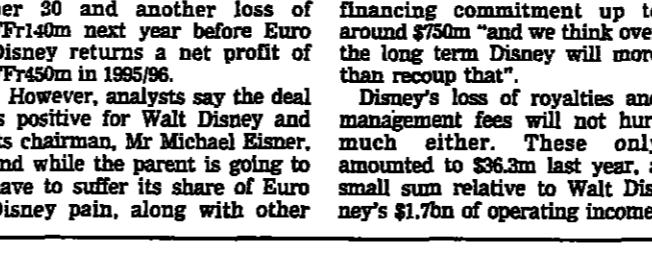
should have halved Euro Disney's debt from FF120.3bn to FF10bn. The company should also save FF800m a year in interest charges and FF450m in payments to Disney. Euro Disney now hopes to break even next year.

Ms Rebecca Winnington-Ingram, an analyst at Morgan Stanley in London, is less optimistic. She forecasts a net loss of

Mickey Mouse digs deep



Source: Euro Disney/Morgan Stanley



Source: Euro Disney/Morgan Stanley

will take Walt Disney's total new financing commitment up to around \$750m "and we think over the long term Disney will more than recoup that".

However, analysts say the deal is positive for Walt Disney and its chairman, Mr Michael Eisner, and while the banks are going to have to suffer its share of Euro Disney pain, along with other

investors and lenders, the burden is well within the range Wall Street was expecting.

The fresh equity injection of \$52m will be in a company with a better structured capital base, and which therefore stands a chance of eventually making a return on the investment. Ms Jessica Reif, of Oppenheimer & Co, believes that the lease financing deal, together with the equity,

and no one on Wall Street had expected them to survive the restructuring.

On the positive side, the deal removes a large element of investor uncertainty over the fate of Euro Disney, and the financial implications for Walt Disney.

The deal removes a large element of investor uncertainty over the fate of Euro Disney, and the financial implications for Walt Disney.

Walt Disney reported a 34 per cent jump in first quarter net income, to \$38.6m, or 68 cents a share, and analysts said yesterday's outline settlement would have no impact on their full-year earnings per share forecasts of \$2.10 to \$2.15, up around 30 per cent from last year.

The strongest earnings growth will come from the film business. The *Lion King*, an animated movie due to summer release in the US, is expected to be a big success, as will the release of *Snow White*. Disney's US theme parks should also see renewed growth, helped by the opening of more attractions.

Mr Christopher Dixon, at New York brokers PaineWebber, says that these factors "add a final solution to the Euro Disney mess should go a long way to restoring investor confidence". Walt Disney shares, he believes, are well positioned to move up from here.

Ms Jessica Reif: "Disney has more positive catalysts

INTERNATIONAL COMPANIES AND FINANCE

Schering sees earnings match as sales surge 21%

By Christopher Parkes
In Frankfurt

Schering, the Berlin-based drugs group, yesterday reported a 21 per cent sales surge in the first two months of this year and forecast earnings for the year would at least match last year's DM254m (\$151m).

The sharp rise in turnover, together with an executive's remarks that the profits forecast was made with "typical understatement," helped push the group's shares up DM16 in Frankfurt.

The group, a leading supplier of contraceptive pills, and which last year won US approval for Betaseron, the first effective treatment for multiple sclerosis, also

announced a 1993 dividend of DM4.22, after DM3 last time.

The pay-out includes the benefits of recent changes in corporate taxes, and with tax credits would yield a net DM20.31 a share - unchanged from last year - for shareholders liable for German taxes.

Mr Klaus Pohle, finance director, said progress this year would depend on the impact of exchange rates and health reforms, while the withdrawal of tax concessions for companies based in Berlin would also affect results.

Earnings from Betaseron would not make a significant contribution to profits, he added, blaming high development and launch costs. Sales of the new product had so far failed to match expectations.

Linde plans to reduce payout

By Christopher Parkes

Linde, the German engineering group, is to propose a DM1 cut to DM14 in its dividend for 1993, after a 30.5 per cent earnings fall to DM385m (\$220m).

The company, a leading supplier of fork lift trucks, industrial gases and refrigeration equipment, said its materials

handling divisions had been worst hit by the recession.

Group sales fall 4.8 per cent to DM7.2bn last year, while incoming orders of DM7.33bn were little changed, it said in a statement yesterday.

Linde, which earned record profits in 1992, consistently warned of a downturn for most of last year, reporting a 26 per

cent contraction in the European fork lift truck market in the first six months. Profits at the German parent, Linde AG, fall 22.5 per cent to DM160m. The workforce was reduced by 2.6 per cent during the year and investments of DM675m were lower than planned, although held at around 9 per cent of turnover.

North West Water recruits from Tarmac

By Peggy Hollinger and Andrew Taylor in London

North West Water, the UK utility, yesterday sought to lay to rest any anxieties over its international expansion by appointing as its new chief executive Mr Brian Staples, former head of the contracting business of Tarmac, the UK contractor and building materials group.

He replaces Mr Bob Thian, widely credited with building North West's international business. Mr Thian left in November following what was reported as a "difference in management style" with the equally hands-on chairman, Sir Desmond Pitcher.

ECC to hold payout after demerger

By Maggie Urry in London

English China Clays (ECC) promised the total payout to shareholders would be at least maintained at the 20p 1993 dividend after the demerger of its construction materials division this summer. The new company will be called Camas and is expected to have a market value of between £250m (£365m) and £300m. It will pay a 3.75p 1994 final dividend.

ECC yesterday set out the capital structure and board of Camas, and details of the timetable for the split. Shares will be given to ECC shareholders on a one-for-one basis.

The news accompanied results for 1993, which showed

group pre-tax profits down from £100.2m to £98.1m. The Camas business lifted operating profits from £15.5m to £16.5m before one-off costs.

The split will leave ECC to concentrate on its minerals and specialty chemicals business, with a continuing cash flow from sales of its housing bank. Camas operates in Europe - largely in the UK - and in the US, integrating quarrying, coated stone, concrete products and road surfacing activities.

The demerger is due to become effective on June 1, after a special meeting on May 31, with shares going to holders on the register on May 27. Lex, Page 24; Details, Page 30

Bang & Olufsen sees profit of Dkr100m

By Hilary Barnes
in Copenhagen

Bang & Olufsen, the television and audio equipment manufacturer, said it expects to return to profit for the first time after three years of losses. It forecasts a pre-tax profit of Dkr100m (\$13m) for the year ending on May 31 compared with a loss of Dkr42.3m in the previous year.

The group has adjusted the forecast made in its half-year interim statement in January, when it predicted profits for the full year of about Dkr70m. The performance has improved after a rationalisation programme was implemented in the autumn of 1992 aimed at reducing costs, reorganising the European sales and marketing operations, and introducing a cheaper range of television sets.

First-half group sales were up by 18 per cent to Dkr1.21bn from Dkr1.03bn and profits after net financial costs were Dkr50m against a loss of Dkr50m in the previous year.

Sales in the second half of the fiscal year have exceeded expectations in several of its European markets, including Denmark, Norway, Germany and the Netherlands.

Hugo Boss lifts dividend after record result

By Michael Lindemann in Bonn

Hugo Boss, Germany's best known menswear manufacturer, yesterday raised its annual dividend after reporting record profits of DM78.5m (\$45.5m). Ordinary shares will receive a DM22 dividend, up from DM21, while holders of preferential stock will receive DM24.50, also up DM2.

The company, part of the Italian Marzotto group, said it was optimistic about good cash-flow figures and predicted sales would recover after a fall in turnover blamed on the recession. Overall group sales fell 7.8 per cent to DM945.3m.

On the threshold of a third phase

Mr Percy Barnevnik may court controversy with his opinions on thorny issues such as western aid for the former Soviet Union, but he has always preferred to hit the headlines by announcing good news from Asea Brown Boveri.

Last week, he wasted no opportunity to do so. Reaching the UK table on a whistle-stop tour of a Copenhagen dining room, where journalists from 35 countries were tucking in at ABB's annual results shindig, Mr Barnevnik revealed with some pleasure that ABB UK had notched up the group's biggest improvement in earnings last year.

The president and chief executive of Europe's largest electrical engineering group is in confident, almost sprightly mood by his standards these days, and not only because of the performance of ABB UK.

The entire group's pre-tax profits after financial items rose by 7 per cent last year to \$1.19bn, in spite of a 4 per cent fall in revenues to \$28.3bn. In dollar terms, that may not look too exciting - ABB's pre-tax earnings have, after all, increased around \$1.1bn since 1990.

Mr Barnevnik, though, sees a deeper meaning in the result than simply marking the return to rising profits after a slight dip in 1992. For one thing, he points out, profits expressed in local currencies rose by an average 25 per cent on a 6 per cent increase in revenues, a better indication of underlying trends.

More significantly for the long-term future of the company, its 206,000 employees and Europe's role in the world

engineering industry, he believes ABB is standing on the threshold of a new phase in its short corporate history.

Phase one, from 1988 to 1990, saw the creation of the company from the engineering interests of Sweden's Asea and Brown Boveri of Switzerland, followed by heady growth and acquisitions

of growth and rearguard battles of restructuring which will be completed by this autumn, and will save \$200m in a full year.

Mr Barnevnik may be one of Europe's most admired industrial strategists and visionaries, but hard-nosed City analysts judge ABB by its financial performance. By hit-

ment of the old environmental services business segment.

There is also considerable scope for synergies, and hence savings in the newly created power transmission and distribution segment and the biggest new segment, industry and building systems, which employs nearly 86,000 people alone. Here, in particular, Mr Barnevnik will be under pressure to prove he has not created a conglomerate within a Leviathan.

Better market conditions in western markets will help lift profits but the biggest contributions to earnings improvement will come from new markets. The fact that ABB is already making good profits in countries such as Poland and the Czech Republic is a hopeful sign for the future, says Mr Mould.

In the Asia Pacific region, ABB is trying to boost its already significant presence - \$3.6m of sales last year - by becoming a true "insider". In power transmission and distribution alone, for example, it has 20 plants and plans another 23 over the next few years.

And it may not matter that all ABB's competitors - General Electric and Westinghouse of the US, Siemens and GEC Alsthom from Europe - are doing much the same, because the growth prospects are so mindboggling.

China says Mr Barnevnik, needs to increase its power capacity by 15,000MW to 18,000MW a year - compared with the 18,000MW built by Switzerland over the past 10 years.

Bongrain improves 22% despite flat turnover

By John Riddings
in Paris

Bongrain, one of France's largest cheese makers, yesterday announced net profits of FF143m (\$76m) for 1993, an increase of 22.5 per cent over the figure recorded in 1992.

The rise in profits, which included an exceptional gain of FF145m, was achieved on flat sales of FF19.6bn.

Operating profits were also relatively stable, rising by just

over 1 per cent to FF153m.

Bongrain said that the operating result was achieved despite a difficult economic environment and without reducing long term investments.

It reflected the effectiveness of cost cutting and productivity measures, according to the company. The group said that its strategy of expansion was continued during the year, with acquisitions in Hungary and the Czech Republic.

IBCA lowers ratings on Banco Central Hispano

By Our Madrid Staff

Banco Central Hispano, one of Spain's leading banks, yesterday saw the IBCA ratings for both its short term and long term debt downgraded.

The London-based agency said it was adjusting its rating for the bank's short-term commercial paper from A1+ to A1 and for its long-term debt from AA- to A+.

Bank officials said BCH was

being "excessively penalised" by the impact of the crisis at Banco Espanol de Credito, for which the Bank of Spain is mounting a rescue plan.

However, they argued that the ratings change had already been discounted by the market following last week's announcement by Moody's that it was reviewing the bank for possible downgrading.

The move could affect plans by BCH to issue \$200m of subordinated debt.

S.G.Warburg Futures (Hong Kong) Ltd.

is pleased to announce that it has commenced trading as a member of the

Hong Kong Futures Exchange Ltd.

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THE DIFFERENCE BETWEEN ORDINARY ADVICE AND SPECIALISED ADVICE FOR THE INSURANCE INDUSTRY		
Banque Bruxelles Lambert S.A. has entered into a bancassurance accord with Royale Belge S.A. and Winterthur S.A.	Petrofina S.A. has sold its shareholding in Haffnia Re Private Limited to Haffnia Reassurance A/S	The Continental Corporation has sold the provincial business of Lombard Continental Insurance plc through a management buyout
TOWER has acquired regulatory approvals for it to acquire Friends' Provident Life Assurance Company Limited	FRIENDS PROVIDENT Friends Provident Life Office has acquired NM UK Limited from The National Mutual Life Association of Australasia Limited	Holdingelisabet af 18 August 1992 A/S through its wholly owned subsidiary Holdings of 1992 (UK) Limited has sold Economic Insurance Company Limited to Economic Insurance Holdings Limited in a management buy-out funded by Candover Partners Limited & Causeway Limited

Understanding the client's strategic and financial requirements are fundamental to delivering advisory service of the highest quality. One must have an awareness of the technicalities and developments that affect the insurance industry around the world. One must build long-term relationships based on performance, year after year. When one firm can provide all these attributes to its clients, it makes a difference.

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INTERNATIONAL COMPANIES AND FINANCE

Swire Pacific moves ahead 5.4%

By Louise Lucas in Hong Kong

Swire Pacific, the Hong Kong-based property, aviation and trading group, saw profits for the 1993 calendar year improve to 5.4 per cent to HK\$4.66bn (US\$603m). This follows a 4.5 per cent advance in net earnings in 1992.

Mr Peter Sutch, chairman, said the progress was achieved despite difficult operating conditions in the airline industry and a significant reduction in profits from the sale of investment properties in 1993.

Last week Cathay Pacific, the 51.8 per cent-owned airline, reported a 23.8 per cent drop in profits largely on the back of recession in key markets, especially Japan, allied with increased competition.



Peter Sutch: advance despite airline industry difficulties

Earnings, which were at the top end of analysts' expectations, were lifted by the

group's aviation units and strong growth in net rental incomes.

Shareholders are to receive a dividend of 85 cents on the 'A' shares and 17 cents on the 'B' shares, an increase in each case of 10.7 per cent over 1992.

Swire's property division made a smaller contribution than previously, chiefly because of the reduction in profit from the sale of investment properties, which stood at HK\$656m last year and HK\$800m in 1992.

This year and next the property outlook will be enhanced by the group's commercial developments in Quarry Bay and the sale of further residential units in Robinson Place both on Hong Kong Island. The group will continue to expand

its property investment portfolio - valued at HK\$5.15bn at the end of last year - following last year's HK\$2.85bn site purchase with Citic Pacific.

The industries division turned in flat earnings, with gains being offset by exceptional losses at Talcott Engineering and provisions for closure costs at Swire Magnetics Holdings' manufacturing operations and Swire Duro's paint factory, which has been replaced by a new operation with ICI in Guangzhou.

On the trading front, profits slipped slightly; the sports shoe market had a difficult year while the Taiwan-based businesses involved in the distribution of imported Volvo and Chevrolet cars and Motorola cellular telephones, made the largest contribution.

GIO says state bank purchase unlikely

By Nikki Tait

GIO Australia, the Australian insurer privatised by the New South Wales government in 1992, yesterday described itself as "an unlikely and acquirer" of the State Bank of New South Wales, the fifth-largest Australian bank being auctioned off by the NSW authorities.

Mr Bill Jocelyn, GIO managing director, said that the acquisition of the bank "would make more sense to a foreign bidder than it does to us". GIO, he added, would be more interested in Suncorp, the Queensland-based financial services business that may be sold off by the state government there.

GIO's comments came as it announced operating profit after tax and extraordinary items of A\$93.9m (US\$64.7m) in the six months to end-December, up from A\$42.9m in the same period in 1992. The figures benefited from unrealised capital gains of A\$49.6m, the result of a surge in share prices, compared with a loss of A\$2.4m in the same period the previous year. Operating profit before tax was A\$131.5m, against A\$72.8m last time.

Aztec takeover prompts writ

By Nikki Tait in Sydney

The fallout from Poseidon Gold's victory in the A\$287m (US\$203m) takeover battle for Aztec Mining last week turned nastier last night when PosGold's thwarted rival, Pancontinental Mining, sued the winning bidder.

Pancontinental, which had made an all-paper bid for Aztec and seen its terms initially recommended by the Aztec board, said that it had issued a writ in the federal court alleging "conspiracy to injure" and "breach of section 515 of the Corporations Law".

Last week, PosGold, which is part of Mr Robert de Crespi-

group's Normandy Poseidon group, raised its cash offer to 74 cents a share. It then swept into the stock market, acquiring the 37 per cent stake in Aztec held by Alumax, the US group, and a large tranche of shares held by Bankers Trust Australia. Other investors also quickly sold out to PosGold, with the result that the bidder had secured over 85 per cent of its target's shares by the close of the day's trading.

Pancontinental's board, however, said that events were "of an unprecedented nature and give rise to a number of serious legal issues". The company added that it was "disturbed to the bid". A court ruling is likely to decide the matter.

This would give PosGold a large minority interest in Pancon. Pancon has said that it does not believe that it is required to proceed with the bid. A court ruling is likely to decide the matter.

China consolidates in electronics

By Tony Walker in Beijing

China has consolidated the cream of its electronics industry into a single consortium to meet foreign challenges after the country rejoins the General Agreement on Tariffs and Trade (GATT).

The China Electronics Corporation (CEC), formed last week with assets of \$894m, draws together 62 of 200 last year, occupying 5.2 per cent of the country's total industrial output.

CEC will concentrate on micro-electronic and telecom-

munication products at its plants around China. It plans to generate revenues of more than \$2bn by the year 2000.

Electronics is regarded by Chinese government as one of its four "pillar industries" along with motor vehicles, machinery and construction. Revenue from the electronics industry exceeded \$20bn last year, occupying 5.2 per cent of the country's total industrial output.

China's re-entry into GATT, expected to take place within the next year or so, would expose its fledgling electronics industry to potentially devastating foreign competition under a lower tariff regime.

China's electronic exports reached \$8.1bn in 1993, up 18 per cent more than 1992. Imports reached \$10.5bn, an increase of 32 per cent over the previous year.

Chinese officials expect the electronics industry to grow 20 per cent this year, and exports to exceed \$10bn.

NOTICE IS HEREBY GIVEN OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

to be held at Julius Baer Bank and Trust Company Ltd., Kirk House, Grand Cayman, Cayman Islands, on the 5th day of April, 1994 at 10 a.m.

AGENDA

- To receive and consider and, if thought fit, adopt accounts presented by the Directors for the year ended 31 December 1993 and the reports of the Directors and Auditors.
- To study the acts of Directors.
- To approve the appointment of Price Waterhouse as Auditors and authorise the Directors to fix the Auditors' remuneration.

By order of the Board of LIQUIBAER, Julius Baer U.S. Dollar Fund Limited, P.O. Box 1100, Grand Cayman Cayman Islands.

SECRETARY AND REGISTRAR: Julius Baer Bank and Trust Company Ltd., Kirk House, P.O. Box 1100 Grand Cayman, Cayman Islands

A shareholder holding registered shares is entitled to attend, vote and appoint one or more proxies to attend and vote instead of him. A proxy need not be a shareholder of the company.

A shareholder holding bearer shares is entitled to attend and vote. Exercise of these rights in respect of bearer shares will be recognised only on presentation at the Meeting of the bearer certificate or instrument of transfer of the shares. Such evidence may be obtained by depositing the certificate with one of the Agents listed below against written receipt, which must be produced at the Meeting.

LIQUIBAER
JULIUS BAER U.S. DOLLAR FUND LIMITED GRAND CAYMAN
A company incorporated in the Cayman Islands with limited liability

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U.S. \$175,000,000

Guaranteed Floating Rate Notes due 1993

Guaranteed as to payment of principal and interest only and, separately by

Lehman Brothers Holdings Inc. (Incorporated in the State of Delaware. Firms with names similar to Lehman Brothers Holdings Inc.)

In accordance with the Terms and Conditions of the Notes, notice is hereby given, that for the Interest Period from March 15, 1994 to June 15, 1994, the Nominal Rate has been determined at 5% per annum. The interest payable on the relevant interest payment date, September 15, 1994 will be U.S. \$255.56 per U.S. \$10,000 nominal amount.

By The Chase Manhattan Bank, N.A., Agent Bank

March 15, 1994

U.S. \$200,000,000

Midland International Financial Services B.V.

(Incorporated with limited liability in The Netherlands)

Guaranteed Floating Rate Notes due 1994

Guaranteed as to payment of principal and interest by

Midland Bank plc

Notice is hereby given that for the six month interest period from March 15, 1994 to September 15, 1994, the Nominal Rate has been determined at 4.125% per annum. The interest payable on the relevant interest payment date, September 15, 1994 will be U.S. \$83.74 per U.S.\$1,000 note, U.S.\$197.47 per U.S.\$10,000 note and U.S.\$3,974.31 per U.S.\$100,000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

March 15, 1994

U.S. \$200,000,000

City of Stockholm

Guaranteed Floating Rate Notes 1999

Guaranteed as to payment of principal and interest by

Citibank N.A.

Notice is hereby given that the notes will bear interest at 3.925% per annum from 15 March 1994 to 15 June 1994.

Interest payable on 15 June 1994 against Coupon No. 30 in respect of U.S.\$50,000 nominal of the Notes and U.S.\$1,220.20 in respect of U.S.\$100,000 nominal of the Notes.

March 15, 1994, London

By Citibank, N.A. (Issuer Services), Agent Bank

CITIBANK

CITICORP

U.S. \$500,000,000

CITICORP

Subordinated Bank Adjustable Note Capital Securities BANCS

Notice is hereby given that the Rate of Interest has been fixed at 4.125% and that the interest payable on the relevant Interest Payment Date June 15, 1994 against Coupon No. 30 in respect of U.S.\$10,000 originally issued face amount of the notes will be U.S.\$367.50.

March 15, 1994, London

By Citibank, N.A. (Issuer Services), Agent Bank

CITIBANK

CITICORP

U.S. \$250,000,000

CITICORP

Floating Rate Notes Due December 1995

Notice is hereby given that the Rate of Interest has been fixed at 4% and that the interest payable on the relevant Interest Payment Date June 15, 1994, against Coupon No. 2 will be U.S.\$51.11 in respect of U.S.\$10,000 nominal of the Notes and U.S.\$1,220.20 in respect of U.S.\$100,000 nominal of the Notes.

March 15, 1994, London

By Citibank, N.A. (Issuer Services), Agent Bank

CITIBANK

CITICORP

U.S. \$250,000,000

CITICORP

Floating Rate Notes Due December 1995

Notice is hereby given that the Rate of Interest has been fixed at 4.0625% and that the interest payable on the relevant Interest Payment Date June 15, 1994, against Coupon No. 16 in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$52.44 in respect of U.S.\$100,000 nominal of the Notes will be U.S.\$1,256.94.

March 15, 1994, London

By Citibank, N.A. (Issuer Services), Agent Bank

CITIBANK

CITICORP

U.S. \$250,000,000

CITICORP

Floating Rate Notes Due December 1995

Notice is hereby given that the Rate of Interest has been fixed at 4.0625% and that the interest payable on the relevant Interest Payment Date June 15, 1994, against Coupon No. 17 in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$52.44 in respect of U.S.\$100,000 nominal of the Notes will be U.S.\$1,256.94.

March 15, 1994, London

By Citibank, N.A. (Issuer Services), Agent Bank

CITIBANK

CITICORP

U.S. \$250,000,000

CITICORP

Floating Rate Notes Due December 1995

Notice is hereby given that the Rate of Interest has been fixed at 4.0625% and that the interest payable on the relevant Interest Payment Date June 15, 1994, against Coupon No. 18 in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$52.44 in respect of U.S.\$100,000 nominal of the Notes will be U.S.\$1,256.94.

March 15, 1994, London

By Citibank, N.A. (Issuer Services), Agent Bank

CITIBANK

CITICORP

U.S. \$250,000,000

CITICORP

Floating Rate Notes Due December 1995

INTERNATIONAL CAPITAL MARKETS

European prices firm on hopes of monetary easing

By Conner Middleman
In London and Frank
McCurdy in New York

European government bonds put on a solid performance yesterday, closing more than 1/4 point higher on renewed hopes for European monetary easing.

However, turnover was thin as continued uncertainty kept investors at bay. "After the volumes we've seen recently, it felt like a Friday in August," said the chief trader at a US bank in London.

In addition to Thursday's Bundesbank council meeting - the last before the central bank's Easter break - market participants are awaiting this week's raft of key economic and inflation data in the UK and the US.

"No one wants to take positions ahead of numbers and events that can't be predicted," said Mr Andrew Roberts, a gilt's analyst at UBS.

UK gilts were given an early boost by lower than forecast February producer price data, which reignited hopes of another cut in base rates. However, follow-through buying fizzled out, with most dealers reluctant to take on large positions ahead of this week's data.

The market didn't move much because everyone and his dog are waiting for the retail sales number," said Mr. Roberts.

February retail sales figures are due to be announced tomorrow, along with the February unemployment report, average earnings and unit wage costs. "A bullish retail sales number could really hurt the short end," he added.

Moreover, dealers are nervous ahead of this week's US inflation data, which some fear might prompt the Federal Reserve to tighten its monetary reins again. US February

ppi data are due to be released today and CPI is due tomorrow.

The June long gilt future rose 4/16 point to close at 110.48.

German bunds ended the day just below their highs, supported by Friday's public-sector wage settlement, upbeat

GOVERNMENT BONDS

comments from Bundesbank president Hans Tietmeyer over the weekend and the moderate outcome of Sunday's elections in Lower Saxony.

All eyes are on today's announcement of the Bundesbank's latest securities repurchase agreements. Dealers were calling for another round of variable-rate repos, with the minimum rate slipping another three to five basis points from last week's 5.54 per cent.

The D-Mark is strong against the dollar and we have had two very encouraging wage settlements [in the engineering and public sectors] - this should make the Bundesbank feel more confident on the inflation outlook," said Mr. Stephen Hannah, head of research at BBI International.

The June bund future on Liffe was up 0.57 points at 95.85 in late trading.

French bonds tracked bunds higher, shrugging off the Bank of France's decision to leave its key intervention rate unchanged at 6.10 per cent.

The March notional bond futures contract on Matif rose 0.32 points to 125.58.

French bonds tracked bunds higher, shrugging off the Bank of France's decision to leave its key intervention rate unchanged at 6.10 per cent.

Italian bonds also strengthened slightly, with the June BTP future rising some 0.75 points to 110.55. However, the market remains clouded by political worries ahead of the

March 27-28 elections and analysts say the Italian 10-year yield spread over bunds could widen further amid political jitters from the current 320 basis points gap.

Prices of US Treasury bonds dipped yesterday morning as traders adjusted their positions ahead of a batch of inflation data to be released later this week.

By 1pm, the benchmark 30-year government bond was 1/4 lower at 91.16, with the yield rising to 6.17 per cent. At the short end, the price of the two-year note slipped 1/16 to 95.95 as the yield climbed to 4.946 per cent.

The market opened on a weak note, failing to carry through on a rare burst of buying which surfaced in the final session of last week.

Many dealers were betting that today's report on February producer prices would spell

more trouble for the market, where prices have plunged in recent weeks on inflationary fears and uncertainty over the direction of US monetary policy. Last month's consumer price index, due out tomorrow, represents yet another obstacle.

Prices of accelerating price pressures in either report would support the view that the Federal Reserve is poised to boost short-term interest rates for a second time, perhaps after its March 22 policymaking session.

The Fed's survey of manufacturing conditions in the Atlanta region, released yesterday, painted a gloomy backdrop for this negative scenario.

The overall index indicated robust economic conditions in the south-east, while the price-paid segment of the report showed a moderate increase over the previous month.

Japan tightens forex loss disclosure rules

By Enrico Terazono in Tokyo

exchange markets would be reversed.

The decision will force corporate managers to curb foreign exchange losses rolled over constantly to hide losses. The extent of such losses is not clear, even to the financial authorities, but more Japanese corporations have been forced to disclose their mounting losses recently as the yen has strengthened further.

Showa Sekiyu, the Japanese subsidiary of Royal Dutch Shell, last year reported an unrealised loss of Y16.6bn (\$1.65bn), while Nippon Steel Chemical, an affiliate of Japan's leading steel company, was forced to write off Y14bn last September.

Nihon Keishi Shimbu, the business newspaper, estimates that unrealised losses at Japan's listed companies total Y1,000bn but corporate reporting of the unrealised losses, to start with the September six-month period, is expected to reveal the true extent.

New Zealand FRN expected

By Antonia Sharpe

New Zealand is expected to raise \$1bn in the Eurobond market today through an offering of five-year floating-rate notes. Morgan Stanley and UBS have been awarded the mandate. The discounted margin on the notes is likely to be set at Libor less 4%.

Syndicate managers have been waiting for New Zealand to tap the Eurobond market ever since the country's finance minister, Mr Bill Birch, visited leading financial centres at the beginning of the month.

Mr Birch's international tour, the aim of which was to highlight New Zealand's economic progress, came hard on the heels of news in late February that Moody's, the international credit rating agency, had placed New Zealand's Aaa for-

aign currency debt rating on review for a possible upgrade. Syndicate managers involved in the deal said the proceeds were likely to be used to refinance New Zealand's maturing debt. Mr Birch told reporters in Wellington yesterday that the government had decided not to cut its NZ\$4.45bn bond tender

programme in 1993-94 because it had a large amount of maturing debt to roll over this year.

However, Mr Birch added that surplus money raised by the programme would be used to repay New Zealand's NZ\$656.7m foreign debt, which he said was too high.

L-Bank, the recently renamed state development agency of Baden-Württemberg,

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fee %	Spread bp	Book runner
CO-OP BANK France	200	(6)	91.91	Apr 1999	0.25	+60 (5/14-28)	Edfi Int'l Finance
Korea Development Bank;	200	(6)	92.33	Apr 1999	0.20	-	BJI Asia Nomura Int'l PK
Persico, Cayman;	155	(4)	100.00	Mar 1999	-	-	-
D-MARKS							
Ford Credit Europe	200	6.00	92.35F	Mar 1999	0.30	+60 (5/14-28)	Manitf Lynch Bank
YEN							
Caixa Int'l Finance/Cay/	50bn	(4)	100.00	Mar 1999	2.50	-	Salomon Brothers Int'l
ITALIAN LIRE							
Republic of Australia	200bn	8.50	100.15	Oct 2004	2.00	-	Deutsche Bank London

Final terms and non-callable unless stated. The yield spread over relevant government bond length is supplied by the lead manager.

Conversion: 1% floating rate notes = 100.00; 1% Libor + 1.25%. (d) Fixed rate offer price; fees are shown at the re-offer level. (e) Fixed today at 20.00. (f) Floating rate notes = 100.00; 1% Libor + 1.25%. (g) Fixed rate offer price. (h) Fixed rate offer price. (i) Short 1st coupon.

total premium 10% and coupon 2.54%. Exchange price is revised annually on March 31 at 210% over prevailing market price and coupon steps down to 15.6% at Short 1st coupon.

Turnover in the market is estimated by traders at \$1,000bn to \$1,500bn, about three times the estimated size for 1992.

Continental Bank, Goldman Sachs and the Venezuela-owned VesterPartners, in Miami, re-entered the rankings, while Banco Santander and MG Emerging Markets, owned by Metallgesellschaft, the German oil and metals group, fell out of the top 20. Metallgesellschaft is winding up its debt trading operations following its recent heavy losses in derivatives trading.

J. P. Morgan also headed the list for emerging market options trading.

JP Morgan tops emerging market debt league table

By Tracy Corrigan

J. P. Morgan has emerged as the leading trading firm in impaired and restructured secondary market debt, with turnover in 1993 of close to \$200bn, according to a market survey conducted by Risk magazine.

Many market participants reported increases in trading volume of more than 100 per cent, in a record year for emerging market debt trading.

American banks took the top five places in the survey, while Morgan Grenfell, which topped the list last year, fell to sixth place with a relatively modest volume increase of 60 per cent to \$107.9bn.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

	Red	Open	Sett	Price	Change	Day's	High	Low	Est. vol.	Open Int.
Australia	9.50	9.60	114.16	10.01	+0.10	7.15	7.17	6.31		
Belgium	7.25	04/04	101.400	-0.25	7.05	6.85	6.63			
Canada	6.50	06/04	125.350	-0.20	7.44	7.15	6.69			
Denmark	7.00	12/04	102.470	-0.33	6.87	6.54	6.21			
France	BTAN	04/04	107.40	-0.30	7.10	6.85	6.55			
DAAT	04/04	107.40	-0.20	5.20	5.20	5.17	5.17			
Germany	8.00	08/03	98.490	-0.20	8.21	8.12	5.80			
Italy	8.50	01/04	94.430	-0.00	8.38	3.80	3.04			
Japan	No 118	4.800	99.99	105.840	-0.05	3.55	3.60	3.45		
No 157	4.800	100.00	106.00	-0.05	3.55	3.60	3.45			
Netherlands	5.75	01/04	98.900	-0.00	8.21	8.04	7.80			
Spain	10.500	10/03	110.800	-0.00	8.80	8.80	7.98			
UK Gilt	6.00	06/03	97.10	-0.10	7.72	6.88	6.34	5.95		
7.50	11/04	96.24	-0.10	7.24	7.24	6.93	6.58			
8.75	11/04	95.24	-0.10	7.18	7.18	6.88	6.58			
9.50	02/04	95.16	-0.10	7.22	7.22	6.84	6.58			
10.50	02/04	95.16	-0.10	7.22	7.22	6.84	6.58			
US Treasury	8.00	04/04	95.400	-0.10	6.84	6.84	6.52	6.13		
ECU (French Govt)	6.00	04/04	95.400	-0.10	6.84	6.84	6.52	6.13		

London closing, New York mid-day. Gilt price = 100 + (yield - 5.54) x 100. Coupon rate = 100 - (yield - 5.54) x 100. Premium = 100 - (yield - 5.54) x 100. Discount = 100 + (yield - 5.54) x 100. Yield = 5.54 + (100 - price) / 100.

Source: Morgan Stanley

US INTEREST RATES

	Open	Sett	Price	Change	High	Low	Est. vol.	Open Int.
US Bonds	101.25	101.25	101.25	-0.00	101.25	101.25	101.25	101.25
Two month	101.25	101.25	101.25	-0.00	101.25	101.25	101.	

COMPANY NEWS: UK

Simon seeks £50m as losses rise

By David Blackwell

Simon Engineering, which yesterday announced a pre-tax loss of £160.3m for 1993, is planning a £50m rights issue.

Mr Maurice Dixon, who became chief executive in a boardroom shake-out last September, said the rights issue would be "the corner stone that puts us on a sound financial footing".

Yesterday, the shares recovered from a low of 82p to close at 117p, up 11p.

Simon, which makes access equipment including fire rescue gear, flagged its losses in January when it announced plans to raise £40m through disposals.

The deficit, which compares with a previous pre-tax loss of £1.04m, mostly reflects goodwill written off totalling

£101.5m. This followed the company's unwise diversification in the late 1980s and early 1990s, when it acquired businesses based on markets and people, and with very little assets.

The operating loss on continuing operations was £6.9m, compared with an operating profit of £7.4m last time.

Losses per share were 22.3p (3p). The board is not recommending a dividend.

Turnover from continuing operations eased to £340.2m from £434.5m. Turnover from discontinued operations was £42m (£44m).

The new management's strategy is to cut debt and concentrate on three core markets - the access division, the storage division and Simon-Carves, the process engineering contractor.

Of the three, only Simon Storage reported an operating profit for the year, up from £8.3m to £8.5m on turnover of £24.6m (£39.3m).

By the year end debt had been reduced to £117.8m from £145m when Mr Dixon took over.

After the proposed rights issue, gearing would be cut from 264 per cent to 54 per cent immediately, and Mr Dixon was confident it would be reduced to about 45 per cent by the end of this year.

However, the group would not go ahead with the rights issue until it had completed protracted negotiations with its lenders. It hoped to normalise its lending facilities so that it could grow the business to enhance shareholder value, rather than to pay down debt.

COMMENT

The shares reacted immediately to the horrible figures coupled with a proposed rights issue. But the later recovery reflects market realisation of the new management's considerable achievement since September. In the first half the company's haemorrhage of cash was continuing, with an outflow of £23.7m; the second half saw a cash inflow of £13.1m. At the present rate, this year should see the completion of the restructuring, and benefits should start to flow through to shareholders in 1995. Investors who bought into the company at the 34p low last July have already done well. On balance, it looks as though the shares are still a buy, but the management is at the beginning of a very long road.

Broking strength lifts MAI to £48m

By Raymond Snoddy

MAI, the financial services and broadcasting group yesterday announced a 42 per cent increase in interim pre-tax profit to £48m mainly because of the growth of its wholesale broking business.

Turnover increased by 57 per cent to £311m and earnings per share rose by 38 per cent to 9p a share in the six months to December 31. The interim dividend stays at 2p.

Sir James McMillan, chairman, said trading in the second six months continued to be good with high levels of activity in the financial markets, and an improving trend in car sales, market research and television advertising.

The most significant development was the purchase of Anglia Television which marked a change in the centre of gravity of the company towards media and television in particular.

In February the group also increased its stake in Satellite Information Services, the company broadcasting live racing to betting shops to 17.5 per cent and sold its holding in Havas, the French media group for 245m.

Lord Hollick, chief executive, said the group's main businesses had generated an increased level of sales throughout the year in spite of the recession in the UK housing market.

The rise mainly reflected the £20m provisions announced at the time of the interim results, and was in line with the forecast made in January, when the group's new management announced a 242.2m rights issue.

Mr Roger Regan, who took over as chairman last summer and forced the resignation of Mr Bill Rooney, co-founder and

Rugby hits £63.8m and encouraged by outlook

By Andrew Taylor, Construction Correspondent

Pre-tax profits of Rugby Group, the supplier of cement to the UK, European and US construction industries, rose by more than a tenth last year, from £57.8m to £63.8m.

On the back of the improvement in the final dividend is being lifted from 4.5p to 5.2p, making a 6.77p (4.49p) total. A 1-for-1 scrip issue is also proposed.

Most forecasters had expected Rugby to do no more than hold the dividend at the previous year's level.

The rise in operating profits from £53.8m to £64.6m, of which acquisitions accounted for about £2m, was also higher than expected.

At the pre-tax level, profits were held back by a £1.2m loss on the sale of the group's French glass business at the end of last year.

Earnings per share rose by 10.7 per cent to 14.5p (12.1p).

Turnover increased by 16.2 per cent, from £650.1m to £755.4m.

The group, which also signalled that it was looking for acquisitions, was moderately encouraged about the state of construction markets in the US and Australia and in the UK.

Mr Peter Carr, managing director, said that UK cement sales had risen by 5 per cent during the first ten weeks of this year compared with the corresponding period of 1992.

Sales were not expected to continue to rise at this rate but could still increase by about 3 per cent this year provided the housing market recovery was not undermined by tax increases and spending cuts on road building maintenance were not too deep.

Cement prices on average had risen by 4 per cent at the beginning of the month. These, unlike increases in previous years, were expected to hold although perhaps not by the full amount.

UK cement profits, boosted by a 21m pension refund, rose by 5.4 per cent last year.

£11.7m UK joinery profits, benefiting from the housing market recovery and helped by price increases, rose by 20 per cent to £17.6m.

Australian cement and lime profits, assisted by additional capacity, improved by 8.8 per cent to £12.5m.

COMMENT

Rugby's reputation as a well-managed building materials group is deserved. It has ridden out the recession well and rewarded its shareholders with an early return to dividend increases. Profit forecasts are likely to be upgraded in the light of yesterday's figures but the rate of recovery in the UK could be slow. Pre-tax profits of £76m would put the group on a prospective p/e of 15. Most of Rugby's virtues are already recognised in this rating.

Future fireworks may depend on acquisitions.

Watmoughs shows 26% rise to £15.4m

By Paul Taylor

A buoyant domestic market for colour printing coupled with expansion in Spain and Hungary helped Watmoughs (Holdings), the Bradford-based printer, report a 26 per cent improvement last year.

Pre-tax profits for the year to end-December rose from £12.2m to £15.4m on turnover up from £113.9m to £149.8m, including £14.1m from new operations.

After adjusting for the capitalisation issue in October, earnings emerged at 15.9p (13p). A recommended final dividend of 5.1p (4.4p) raises the total to 6.6p (5.75p). The shares gained 7p to close at 51.1p.

Mr Patrick Walker, chairman and chief executive, said the improvement reflected "further progress in the group's UK activities, a successful start to Watmoughs Espana, and the continued expansion of

Réval Nyomda in Hungary".

Operating profits increased by 38 per cent to £1.7m (£1.2m), including a 2.8m contribution from the new continental European operations.

In the UK the advance achieved during the first half continued, and profit for the year rose by 11 per cent from £12m to £13.3m, despite reorganisation and redundancy costs of £477,000.

Mr Walker said the improving trend in demand for the group's specialised gravure and web offset capacities in the UK continued throughout the year and sales rose by 12 per cent to £128.6m (£115m).

Net interest costs increased to £1.96m (£456,000) reflecting an increase in net borrowings to £43.8m (£25m). Gearing climbed to 47 per cent (27 per cent). The higher borrowings reflected the growth in capital expenditure last year which rose to

£25.2m, including £13.8m to complete the group's gravure investment in Spain.

COMMENT

Tighter market conditions are providing Watmoughs with the opportunity to weed out contracts with thin margins and push up contract prices by an average 3 to 5 per cent as they come round for renewal. Both moves should help push UK margins higher. The group has invested more than £100m over the past three years in the UK and overseas, and now has some of the most up-to-date presses in the industry, as well as a growing business in southern and eastern Europe. Pre-tax profits should reach about 20.7p this year, producing about 20.7p of earnings. The shares have doubled in the past 15 months and are now trading on a lofty prospective multiple of 24.7. A quality stock for holding.

ECC holds pay-out despite earnings fall

By Maggie Urry

English China Clays held its 20p total dividend for 1993, as promised with last year's rights issue, although earnings per share of 20.45p, against 26.72p, barely covered the payout. Mr Andrew Teare, chief executive, said the thin dividend cover had not constrained the business.

Calgon, the US-based chemicals business, acquired halfway through the year for £202.3m,

partly funded by the £112.4m rights issue, contributed 27.2m to operating profits of £10.2m (£90.7m). Its purchase was "modestly earnings enhancing," Mr Teare said.

Group turnover rose 17 per cent to £1.15bn, with continuing operations up 8 per cent at £1.05bn. Pre-interest profits of £105.5m (£105.6m) included nearly £18m of profits on land sales, part of ECC's strategy of turning down its housing land bank.

They were struck after a £1.8m of profits on disposals and £1.7m of provisions for costs of the demerger of the construction materials side. In 1992 there was a net £1.1m profit on disposals.

Interest charges rose by £1.8m to £17.2m, to leave pre-tax profits down from £100.2m to £88.1m.

At the operating level, RCC International, the minerals division, increased sales volumes by 2 per cent but a

squeeze on prices and cost increases cut operating margins from 15.6 to 11.1 per cent, with operating profits down from £91.8m to £74.4m, before £1.8m of rationalisation costs.

Construction materials profits recovered from £15.5m to £16.9m, before an asset write down of £1.4m (rationalisation costs of £5.5m).

Construction, which included the land sales, slipped in £20m (£3.3m).

Gooding Consumer joint venture with Grundig

A UK-based joint venture set up by Gooding Consumer Electronics and Grundig holding the balance. Gooding Consumer is owned by Mr Alfred Gooding with a minority holding by Mr Koen van Driel, a former managing director of Grundig UK.

The new company will initially concentrate on the UK, expanding in the second half into continental Europe and the newly-emerging Asia markets. Investment in the project over the first three years is expected to be £8.5m.

Production will begin the end of March and the company aims to be producing in satellite receivers a year by the end of 1996.

The majority 70 per cent stake in the new company is

Reed results

Reed Elsevier, Reed International and Elsevier are

announcing preliminary results on Thursday, not

Wednesday as reported yesterday.

The majority 70 per cent

stake in the holding company, have agreed to continue to lend about £47.1m (£31.6m) of their original total loans of £50m, the balance of which is to be repaid. Of the continuing loans, a further £2.1m will be repaid on March 31.

• Charbonneau Group International will be paid about £900,000 in partial payment of the outstanding consideration for Etienne Algar and Michael Stevens. The balance is to be converted into a secured term loan of about £11.3m of which £800,000 will be repaid on March 31.

• Aggregate interest to March 31 - about 25.6m - to the main creditors is to be paid.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - pending dividend	Total for year	Total last year
Calderburn	£1.49	Apr 29	4.9	7.7	7.7
Eng China Clays	13.47	Apr 24	13.4	20	20
Ferrey	£1.8	Jun 15	6.8	11.8	10.2
Greggs	£1.2	May 27	10	15	15
ISA	£1.11	May 31	1,018	1,655	1,5
JB	£1.1	May 18	5	7.5	7.5
Jackson Cleavers	£1.21	May 3	11.7	27	27.7
JKU	£1.21	May 8	2	6.9	6.9
Merchants Trust	£2.85	May 20	2.65	11	10.6
Peek	£2.35	May 23	3.4	3.4	3.4
Persimmon	£2.21	Apr 18	5.5	9	8.6
Simon Eng	£3.22	May 13	3.6	6.77	6.45
Spring Ram	£0.1	Jun 3	0.243	0.1	0.346
Stag Furniture	£1.1	Apr 29	4	8.25	8.25
Telecom	£1.47	Apr 29	1.2	2.1	1.8
Watmoughs	£1.51	Apr 22	4.4*	6.6	5.75*

Dividends shown pence per share net except where otherwise stated. *On increased capital. SUMS adjusted for capitalisation issue.

Great Western Financial Corporation

Floating Rate Notes Due 1995

Interest Rate	5 1/4% per annum
Interest Period	15th March 1994
Interest Amount per U.S. \$100,000 Note due 15th June 1994	U.S. \$970.03
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COMPANY NEWS: UK

Fairey impresses City with 27% rise to £21.8m

By Tim Burt

Shares in Fairey Group climbed 18p to 759p yesterday after the specialist electronics and engineering company unveiled a 27 per cent rise in 1993 pre-tax profits to £21.8m.

The improvement was fuelled mainly by the electronics and electrical power division, which contributed £14.8m (£10.7m).

Mr John Poulter, group chief executive, said the division, representing 62.6 per cent of operating profits and 62 per cent of turnover, was the driving force behind the company and would be the focus of further expansion.

The group is understood to have identified a number of potential acquisitions and is said to be in talks with several target companies.

Such acquisitions are expected to be funded from the group's positive net cash balance of £10.2m (£2.14m), although Mr Poulter did not

rule out coming to the market if a larger opportunity emerged.

He said Fairey's ability to expand had been underpinned by increased profits in the group's two other core businesses - aerospace and defence, which reported gains of £3.34m (£2.24m) and filtration and specialised ceramics, ahead 18 per cent at £3.4m.

Together they boosted total operating profits by 36 per cent to £21.8m (£15.8m) and lifted group turnover to £130.2m (£104.3m).

Mr Poulter said the results had also benefited from a £1m currency gain on earnings by US subsidiaries.

While welcoming the "healthy figures", Mr Michael Fay, group finance director, said earnings per share of 37.8p (33.4p) had not advanced further because of tax changes in the US and the diluting effect of a £10.3m vendor placing in 1992 to acquire

infrared, the gauges business. A final dividend of 8p makes an 11.8p (10.2p) total. A 1-for-1 scrip issue is also proposed.

COMMENT

Despite its bulging wallet, Fairey is not about to embark on a shopping spree. It has a reputation for spending money only on companies which can deliver high margins in difficult markets. That cautious approach has, for example, won new business for the aerospace and defence business at a time when the industry is contracting. Impressed by a management whose catch-phrase could be "the price is right", analysts are not expecting dilutive acquisitions and have upgraded profit forecasts to £24m. Although that puts the shares above the sector average on a prospective multiple of 18.5, it could be a price worth paying for a business which last year reported underlying cash generation of £12.4m.

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Cookson in £72m engineering disposals

By Simon Davies

Cookson, the specialist industrial materials group, yesterday completed the latest phase of its strategic restructuring, with the £72m sale of 25 engineering subsidiaries through a management buy-in.

Cookson will record a book loss of about £6m from the transaction, but Mr Richard Oster, chief executive, said he felt Cookson had achieved a good price for businesses which posted pre-tax profits of £4.3m in 1993.

"In March 1993, we talked about divesting businesses that didn't fit into our core strategy for the future," said Mr Oster. "This concludes the short-term divestiture programme; now we have to focus on building up these core businesses."

The proceeds will help fund expansion in its strategic core, electronic materials, ceramics, precious metal fabrication and plastics. Analysts believe this will include small bolt-on acquisitions.

The companies sold by Cookson employ 1,800 people and are involved in industrial materials, precision castings and aluminium.

They are being purchased by a management team put together by Mr Jim Cooper, former business development director of John Wood. It will be renamed Calder Group.

Morgan Grenfell and its development capital arm, have underwritten the deal which involves £24.5m of funding to cover the acquisition cost and to build up working capital. The management will have a 17.5 per cent stake, with a performance-related option for a further 2.5 per cent.

Cookson has been paid £69.4m in cash and will receive a further £0.3m in September. The Calder Group companies have also repaid £7.3m of inter-group loans from Cookson and have taken on £2.2m in external debt.

Cookson could receive as much as £10m, if Calder is sold or floated within a five year period. The size of payment depends on the value of the transaction.

Traffic side helps Peek to £7.7m

By Simon Davies

Peek, the international traffic and field data systems group, announced pre-tax profits up from £4.8m to £7.7m for the year to end-December, aided by a strong performance from its traffic business.

Turnover rose 13 per cent to £100.6m (£88.8m), but organic growth was only 5 per cent, as a result of weak UK and US markets and a fall in orders from Husky, its mobile data systems company.

Peek has expanded aggressively through acquisition in the past five years, building up its traffic business from 28 per cent of group sales to its present level of 70 per cent.

Traffic operations focus on systems and products related to traffic evaluation and control, and in 1993 the division contributed £7.1m in trading profit, up from £5.6m.

Peek invested about £1.2m in building up its presence in Asia, Germany and the US, during the year, and this should be reflected in stronger 1994 figures. It has picked up a £4m order to develop a traffic control system in Bangkok, and contracts worth £2m for a second phase of this system under negotiation.

Mr Allen Standley, chief executive, said Peek was tendering for £50m of contracts in

Asia, including a number of projects in China, through a 41 per cent owned joint venture.

Field data operations saw trading profit fall to £1.9m (£2.12m), primarily due to delayed orders, but the company said Husky experienced "an excellent order intake in the fourth quarter".

The final dividend is maintained at 2.35p, for an unchanged 3.4p total. Earnings per share were 4.5p, against 7.2p, although the 1992 figure was significantly inflated by the release of tax provisions.

Peek will have a 17 per cent stake in TrafficMaster, the traffic monitoring system producer, following its imminent flotation. Peek said this was a long-term strategic investment.

COMMENT

Peek has succeeded in developing a dynamic and broadly appealing business, traffic control, but it has yet to translate this into strong organic growth. The longer term potential from new developments, such as electronic vehicle tagging, is enormous. But in the shorter term, Peek's earnings growth will be more pedestrian. Pre-tax profits should increase by 10 per cent to £8.5m in 1994. The shares are on a prospective p/e of 19 and a yield of 3.7 per cent, which appears to leave it fully valued.

Listing for GRT Bus

GRT Bus Group, the Aberdeen-based bus and coach operator, is to seek a listing next month. The flotation is likely to be by way of a placing arranged by James Capel.

The company was formed to effect a management-led employee buy-out in January 1989 of Grampian regional council's bus and coach operations, when Grampian Regional Transport became the first Scottish municipal bus company to be privatised. The group employs 1,850 people and operates a fleet of 725 vehicles.

Employees currently hold 39 per cent of GRT's equity and the management a further 51 per cent.

Since the buy-out, GRT's turnover has risen from £11.8m in 1989 to £22m in the year to March 1993, with operating profits rising from £250,000 to £3.6m. This excludes the Leicester and Northampton operations - acquired in the latter part of 1993 - which had 1992-93 turnover and profits of £16.8m and £84,000.

Growth in SE Asia behind JIB advance

By Richard Lapper

Growth in south east Asia and the strength of the US dollar helped JIB Group, the insurance broker in which the Hong Kong-based Jardine Matheson has a 61 per cent interest, increase its pre-tax profits by 20 per cent in 1993.

Profits for the year to the end of December came out at £21.8m (£18.2m), at the upper end of expectations.

Earnings per share amounted to 11.4p, against 9.9p.

The company is recommending an unchanged final dividend of 5p per share, making a same-again total of 7.5p.

Profits from south east Asia rose by 48 per cent to £7.58m (£5.29m), more than a third of the total.

Overall turnover increased by 16 per cent to £23.7m, while expenses rose by 12 per cent to £19.7m.

After adjusting for the effects of acquisitions and

exchange rates, underlying revenues grew by 3 per cent.

COMMENT

Investors responded positively to yesterday's results marking the share up 18p to close at 759p. The question, now, after a period of underperformance, is how much more does JIB have to offer? The main problem is the group's dependence on the highly competitive US market for more than a third of its business. With the long-expected turn in the market proving to be something of a mirage, JIB will do well to maintain its margins. On the plus side more currency gains are possible this year, and further growth from south east Asia seems likely. Profits of £23m for 1994 look likely, putting the share on a prospective multiple of 16.2. The prospect of an 8p dividend this year provides yield support. Even so, some of JIB's rivals among the medium-sized insurance brokers may offer better value.

They are being purchased by a management team put together by Mr Jim Cooper, former business development director of John Wood. It will be renamed Calder Group.

Morgan Grenfell and its development capital arm, have underwritten the deal which involves £24.5m of funding to cover the acquisition cost and to build up working capital. The management will have a 17.5 per cent stake, with a performance-related option for a further 2.5 per cent.

Cookson has been paid £69.4m in cash and will receive a further £0.3m in September. The Calder Group companies have also repaid £7.3m of inter-group loans from Cookson and have taken on £2.2m in external debt.

Cookson could receive as much as £10m, if Calder is sold or floated within a five year period. The size of payment depends on the value of the transaction.

Sea Containers rises and plans expansion

Sea Containers, the Bermuda-based leisure, ferry and container leasing group, reported net earnings up by 8 per cent from \$38.8m to \$42.9m (£29.3m) for the 1993 year.

Revenue fell from \$421m to \$417m, principally because of the strengthening of the dollar against the pound. Earnings emerged at \$2.66 (£2.35).

The company also announced two share transactions. With a view to acquiring the 58 per cent of Orient-Express Hotels it does not already own, it is offering 0.17 Class A Sea Containers common shares for each Orient-Express common share.

II. following the offer, it

owns more the 90 per cent of Orient-Express, it intends to merge it with a Sea Containers subsidiary on the same exchange ratio basis as the offer. In addition, Sea Containers plans a public offering of 5m Class A common shares with the primary purpose of retiring the 2.3m 1982 series \$2.10 cumulative preferred shares at their current redemption price of \$15.56 apiece.

The dividend rate on these shares is 14 per cent a year. The additional equity, in combination with bank borrowings, will help the company fund its container and ferry capital expansion programme, the company said.

U.S. \$75,000,000



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Floating Rate
Subordinated Notes Due 1994

Interest Rate	5 1/4% per annum
Interest Period	15th March 1994 15th September 1994
Interest Amount per U.S. \$10,000 Note due 15th September 1994	U.S. \$268.33

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U.S. \$400,000,000

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Interest Rate	4 1/4% per annum
Interest Period	15th March 1994 15th September 1994
Interest Amount per U.S. \$10,000 Note due 15th September 1994	U.S. \$217.22

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COMPANY NEWS: UK

Latest to join growing list of share issues from UK housebuilders Persimmon calls for £49.2m

By Andrew Taylor,
Construction Correspondent

Persimmon yesterday joined the growing list of UK housebuilders to announce share issues to finance land purchases and take advantage of the housing market recovery. The company is raising £49.2m in an underwritten right issue by offering shareholders shares at 282p apiece on a 2-for-1 basis.

Persimmon also announced a 96 per cent jump in 1993 pre-tax profits to £18.6m. Earnings per share doubled from 8.6p to 13.7p. The dividend for the year is raised from 8.6p to 9.2p, with a 6.2p final.

The group's share price slipped from 337p to 335p following the rights issue announcement.

Housebuilders by this spring will have raised substantially more than £1bn from rights issues, share placings and flotation since the beginning of last year. Some of this money has been used to repair balance sheets but a good proportion has been set aside to acquire land.

To support sales of 4,000 homes a year by the mid-1990s, compared with 2,970 sales last year, Persimmon says it will

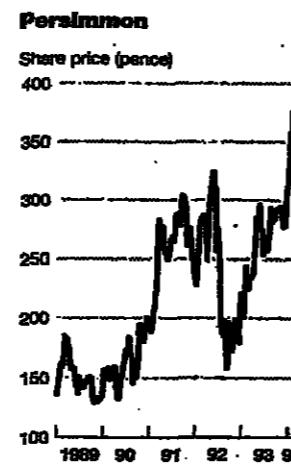


Duncan Davidson: family holdings cut to 16.4 per cent

need to increase the number of plots owned with planning permission from 15,200 to 20,000.

The effect of the issue would be to leave the group with virtually no debt. Borrowings, however, would be expected to rise as land buying and output increased.

Mr Duncan Davidson, chairman, said: "Depending upon the strength of the market we would be comfortable with gearing of between 30 per cent and 40 per cent indicating net



Source: FT Graphix

debt of up to £30m at our present size."

He added the group had usually financed land purchases out of shareholders funds, leaving work in progress to be financed by borrowings. He and his wife Sarah, are not taking up their rights, reducing the family holdings from 19.4 per cent to 16.4 per cent.

Persimmon said that recovery in the housing market was continuing with forward orders, including reservations,

more than 10 per cent higher during the first ten weeks of this year than the corresponding period last.

Prices had also risen a little. The average price of a home was currently about £64,000, compared with £61,000 last year. Part of this increase was due to change in product mix but some of it was due to a genuine rise in prices.

Turnover in 1993 increased from £10.6m to £16.3m.

COMMENT

The latest cash call by Persimmon on its shareholders is a little bit cheeky. Since the end of 1990 the number of Persimmon shares in issue will have risen by 49 per cent from 77.8m to 118.1m following the latest rights issue. The offer price is at a sufficient discount to be attractive to shareholders and the rights should be taken up.

Persimmon's net margins have climbed to more than 10 per cent after interest and are better than many of its competitors. Nonetheless, some of the gloss has gone off the company as it has embarked on an ambitious expansion programme. A pre-tax profit of £27m for the current year puts the group on 19 times earnings which is probably high enough.

Efficiency gains help Greggs rise 29%

By Chris Tighe

Greggs, the baker, reported a very good 1993, with pre-tax profit up 29 per cent to £25m for the 53 weeks to January 1, against £26.97m for the 52 weeks to 26 December.

Turnover rose 9.3 per cent to £110.4m (£10.1m), or 8 per cent adjusting for the effect of the extra week.

The company said an improvement in its pre-tax margin from 6.9 per cent to 8.2 per cent reflected productivity gains and improved energy efficiencies.

Earnings per share were up 30 per cent to 53p (40.6p). A proposed final dividend of 12p makes a total of 18p (15p), an increase of 26 per cent.

In January, Greggs opened its 500th shop and plans to add a net 20 outlets this year. "We're the biggest retail bakery company in Britain and the most profitable," said Mr Mike Barrington, managing director.

During 1993 its London business, acquired in 1987 and since expanded, moved into profit for the first time. All other divisions improved their performance and profitability, with Scotland showing the best profit increase.

Net cash stood on January 1 at £12m. This year Greggs is investing £14m including £2m on two new bakeries in London and Birmingham. Allowing for this investment programme, financed from cash reserves, it is anticipated having net cash of between £6m and £7m by the end of this year.

Mr Barrington forecast a very satisfactory improvement in profitability for the first half of the present year. The investment programme was likely to mean slower profit growth in the second half and early 1995. However its prime aim, he said, was to enhance the quality and enjoyment of Greggs products.

Britain, he thought, placed too much emphasis on efficiency and too little on making products people wanted to buy. "I see more talk about getting unit costs down than about making excellent products. If they aren't going to enjoy the product it doesn't matter how cheap I make it."

COMMENT

There is a risk with Johnson Group of endlessly repeating the same story. Yet there is little to add while discretionary spending remains stubbornly depressed. Johnson does extremely well to hold its cleaning profits and even better to build a textile rental division through the ravages of recession. When the eventual upturn comes - and only then

Johnson is expected to show substantial improvements. Forecasts of £16m for this year put the shares on a prospective p/e of about 17. While this may be up with events in the short term those punting on longer term growth are unlikely to be disappointed.

The final dividend was increased by 7 per cent to 20p, for a total pay-out of 50 per cent higher at 27p. Earnings per share were 62.01p (49.4p) fully diluted.

Textile rentals and currency gains boost Johnson Cleaners to £18.2m

By Peggy Hollinger

Johnson Group Cleaners, the largest dry cleaning group in the UK and US, announced a 20 per cent jump in pre-tax profits helped by currency gains and steady growth in its textile rental operation.

Mr Terry Greer, chairman, retained his usual cautious outlook in spite of the increase, with warnings that the outcome for the current year was far from certain. Trading had declined in the first few weeks.

"People are still nervous, waiting for the tax increases in April to hit their pay packets," Mr Greer said.

Business had also suffered from harsh winter weather in both the US and UK.

Such concerns had not been apparent in the 12 months to

December 25, when Johnson achieved pre-tax profits of £18.2m (£15.1m) on sales of 10 per cent ahead at £185.2m.

The advance was achieved after interest charges were halved to £84,000 and was also helped by a 15 per cent improvement in the average dollar/sterling exchange rate.

The strongest profits advance came from textile rental, with a 15 per cent jump at the operating level to £10.1m on sales 10 per cent ahead at £54.1m. The profits increase included a better than expected £505,000 contribution from Imperial and Queen Laundries, the textile rental business acquired in January.

This division improved profits both in the US and UK. Mr Greer said this was partly due to a greater focus on the more

hygienically stringent food processing industry and partly due to early signs of increased demand.

The dry cleaning division remained difficult in both markets, with franchising in the US continuing to make losses. Operating profits were largely flat at £8.9m on sales 9 per cent higher at £120m.

Johnson Group also announced plans for a capital reconstruction aimed at improving the marketability of the shares. The company proposes to subdivide the 239 shares and consolidate them into ordinary shares of 10p each.

The final dividend was increased by 7 per cent to 20p, for a total pay-out of 50 per cent higher at 27p. Earnings per share were 62.01p (49.4p) fully diluted.

Anglo Utd sells Charringtons Fuel business for £41.5m

By Peggy Hollinger

Anglo United, the heavily indebted fuel group, yesterday announced the sale of its Charringtons Fuel business to management in a venture capital-backed deal worth £41.5m.

Anglo will receive £30m, reducing the core bank debt to less than £100m. Last year the group reported negative shareholders funds of £145.1m.

Mr John Gainham, managing director of Anglo, said the group had investigated other options for Charringtons such as a trade sale, but management had come up with the

best offer.

The management team is led by Mr Howard Birtwistle, Charringtons chairman and a former director of Shell UK Oil. The team is backed by a syndicate headed by St, the venture capitalist group. The syndicate will provide £16.5m of equity finance, while debt and working capital facilities of £25m will be funded by Chemical Bank and the Royal Bank of Scotland.

Management is investing about £200,000 and will hold some 22.5 per cent of the equity. An employee trust will hold a further 2.5 per cent.

EuroLeisure in loss and finance package agreed

By Tim Burt

£23.3m to £20.1m and losses per share came out at 0.85p (0.59p).

In the restructuring EuroLeisure has reached agreement with a syndicate of eight banks, led by the TSB, Barclays and Bank of Scotland, to convert £20m of debt into equity and roll anticipated annual interest of £1m into loan notes over the next three years.

Mr Ian Rock, chief executive, said the company had been forced into the restructuring by a cycle of over-priced acquisitions, significant trading losses in France and Spain and high interest rates in the early 1990s.

The group blamed the turnaround on Mayday, its fruit machine division which struggled to break even during the period - it made profits of £1.5m in the previous half year. Group turnover fell from

£23.3m to £20.1m and losses per share came out at 0.85p (0.59p).

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Mr Ian Rock, chief executive, said the company had been forced into the restructuring by a cycle of over-priced acquisitions, significant trading losses in France and Spain and high interest rates in the early 1990s.

The final dividend was increased by 7 per cent to 20p, for a total pay-out of 50 per cent higher at 27p. Earnings per share were 62.01p (49.4p) fully diluted.

COMMENT

There is a risk with Johnson Group of endlessly repeating the same story. Yet there is little to add while discretionary spending remains stubbornly depressed. Johnson does extremely well to hold its cleaning profits and even better to build a textile rental division through the ravages of recession. When the eventual upturn comes - and only then

Johnson is expected to show substantial improvements. Forecasts of £16m for this year put the shares on a prospective p/e of about 17. While this may be up with events in the short term those punting on longer term growth are unlikely to be disappointed.

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Takare founder ousted

By Maggie Urry

A ferocious boardroom row over management style at Takare ended last Friday afternoon when Mr Derek Pritchard, one of the group's founders, was stripped of his executive duties. He was managing director and deputy chairman and is likely to receive compensation of about £130,000.

However, Mr Pritchard, 52, appears to have dug his heels in remaining a non-executive director and can only be removed by a vote of shareholders. He holds 12.8m shares, 10.2 per cent of the total and was not available to comment either on his removal from office or any plans to sell the shares.

Mr Keith Bradshaw, chairman, who set up

Takare with Mr Pritchard 14 years ago, said he hoped for a resolution of the position before the annual meeting on April 21.

In a strongly worded statement he said the entire board, aside from Mr Pritchard, had decided to "terminate" Mr Pritchard's position as managing director. The disagreement was "not susceptible to any other solution".

Mr Bradshaw said that the style needed to manage a group employing 7,000 people was very different to the entrepreneurial style appropriate when Takare was founded.

Mr Hamilton instead moves up from deputy managing director to managing director, and Mr Ron Reid, finance director, adds commercial director to his role. Mr David Pegg, a non-executive, becomes deputy chairman.

Profits ahead of forecast at £14.9m and south-east targeted

By Maggie Urry

Earnings per share were 13.7p (12.1p), or 13.3p excluding the exceptional profit and a final dividend of 1.4p was proposed, as forecast, to give a total of 2.07p (1.8p).

Turnover growth was 5.2 per cent, from £24m to £27.6m, largely reflecting the rise in the number of beds the group had in operation, with prices rising only about 2 per cent. Operating profits were 59 per cent higher at £17.4m (£10.9m).

However, interest payable of £2.8m (receivable £941,000), after capitalising £2.32m (£4.16m) held back the pre-tax profits growth. Takare received the £5.5m rights proceeds in mid-November.

Mr Ron Reid, finance director, said that Takare's pre-tax profits in the south-east averaged £240 a week, compared with £285 elsewhere, which would cover higher wage rates and land prices.

The group beat its rights issue profit forecast of at least £14.8m in 1993, recording pre-tax profits up from £11.8m to £14.9m, including a £371,000 exceptional profit on the sale of a nursing home.

Dairygold pays £21.4m for Horlicks Farms

By Tim Coone in Dublin

Dairygold, the private Irish dairy and meat processor, has acquired Horlicks Farms and Dairies, a Somerset-based cheddar cheese manufacturer, for £21.4m. The sum includes £7m of debts which Dairygold will assume.

Dairygold was acquired from SmithKline Beecham in 1989 in a management buy-out and currently produces some 5,000 tonnes of Cheddar cheese per annum, which is exported throughout the EU. Turnover for the year to March 1993 was £20m.

The current management team of Horlicks, headed by Mr Stephen Curtis, the managing director, is to be kept in place.

Mr Dennis Lucy, chief executive of Dairygold, said the acquisition was "an important part of our strategy to develop our dairy business throughout Europe".

Dairygold's 230p a share bid is handled by SG Warburg and values Westland at 547m.

Sir David Lees, GKN chairman, told an extraordinary general meeting in Birmingham that proxy returns showed a majority of shareholders were in favour of the bid.

The meeting, attended by about 40 people, voted unanimously for the bid, for the increase in the authorised capital necessary to accommodate the proposed takeover, and for the rights issue which will help to finance it.

The rights issue would raise £245m in two instalments through the issue of convertible unsecured loan stock.

The offer, GKN executives believe, has now come down to a straight issue of price.

GKN gets go-ahead for Westland bid

By Paul Cheshire, Midlands Correspondent

GKN, the engineering group, has won shareholders' approval to go ahead with its bid for Westland, the helicopter group of which it already controls 44.8 per cent of the equity.

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COMMODITIES AND AGRICULTURE

Coffee surges on cut in Brazilian crop estimate

By Alison Maitland

Coffee futures prices surged through the \$1,300-a-tonne level in London yesterday after the US Department of Agriculture revised its forecast of Brazil's 1993-95 crop downwards by nearly 1m bags.

The second position robusta futures contract reached its highest closing level since last September, ending at \$1,305, up \$30 on the day and just \$2 below the day's high.

Technical buying in London was accompanied by interest from investment funds and the market remained buoyant after a strong start in New York.

"It's gone from strength to strength and hasn't looked

back," said one trader.

In early afternoon trading in New York, the second position arabica futures contract was up 2.45 to \$1,325 cents a pound.

The boost to an already bullish market came from the USDA's downward revision of the Brazilian crop from 24.3m bags (60kg each) to 23.5m bags.

CNI, the London broker, said the USDA's figures were usually about 4m bags higher than Brazilian estimates because it used a much higher figure for local demand.

"However, this should mean that the local consensus will fall and a crop of 19m to 20m bags should be expected," it said in its daily commodity report.

One analyst said the USDA figures provided further encouragement to a market buoyed by signs of smaller crops in Colombia and across Central America, as illustrated by lower shipments in the four months since the start of the crop year last October.

"Everyone's pleased," he said. "It adds a bit more support to the coffee world, which has been through so many rough periods."

The other positive fundamental factor has been the relatively smooth running of the export retention scheme which came into operation in October in most coffee-producing countries in an attempt to shore up prices.

Australian coal review agreed

By Nikki Tait in Sydney

Australia's coal-producers and mining unions yesterday agreed to a six-month review of the nation's export coal industry in an attempt to identify the main opportunities and impediments to its growth. Coal is Australia's largest export category.

The study was announced by Mr David Beddoe, the federal resources minister, after a tri-

partite meeting between government, unions and corporate representatives in Brisbane yesterday. The meeting had been called by Mr Beddoe after widespread outcry over the annual coking coal settlements reached between producers and the Japanese steel mills earlier this year. He added that Japanese buyers - who take the lion's share of Australia's coal exports - are improving as new technology

is introduced. Average wages are low, generally not much more than US\$30,000 a year.

These factors add up to a potent agr-economics force,

always assuming that inflation, currently 12.2 per cent a year, can be controlled and that labour remains cheap.

"Chilean businessmen are very ambitious," says Mr Juan Figueroa, the outgoing minister of agriculture, who looks back on his period as minister with satisfaction. "We set out," he says, "to increase production and productivity; to increase profits to benefit all, including those on low incomes; and to improve environmental protection. We have been successful as far as we can tell."

Most agricultural production takes place in the Central Valley which stretches 240km north and 950km south of the capital, Santiago. The climate in the area is Mediterranean and snow melt from the vast Andes range of mountains provides more water for irrigation than Chilean farmers are ever likely to need. Soil quality is mainly good and productivity, already high, is improving as new technology

is introduced. Average wages are low, generally not much more than US\$30,000 a year.

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Profitability declines worldwide

By Michael Smith

Profitability of coal companies worldwide has declined sharply in the past decade and the industry appears to be entering a period of stagnation or decline, according to a report by Sheffield Energy & Resources Information Services.

The return on average coal assets among 39 companies tracked by Seris fell from 10.4 per cent in 1985 to 6.1 per cent in 1992.

The authors also note that the 63 companies in their coal export survey registered a

small decline in export volumes during 1991-92.

The top 10 world coal companies ranked by profit margin include six whose operations are mainly in the western states of the US. RTZ has recently bought into this highly profitable sector, the report notes.

Whereas the rate of return for eight companies whose operations are mainly in the eastern US is consistently higher than the global rate, the opposite is the case for the 10 companies based mainly in the centre and east of the US.

The report notes a restrict-

uring in the world industry, the most extreme example of which has been seen in the UK in the last 18 months with the closure of more than 33 of 50 pits.

A similar process has been occurring in Japan, France and Belgium and in the coal and lignite mines of eastern Europe.

In the US, restructuring has concentrated more on takeover and merger activity.

Coal Companies Worldwide Vol 4, 103 Carter Knowle Road, Sheffield, S7 2DY. Price £25 including dispatch.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINUM 99.7 PURITY (\$ per tonne)

Cash 3 mths

Close 1272.5-13.5 1295.7

Previous 1276.5-7.5 1298-300

High/low 1304/1922

AM Official 1273-4 1295-7

Kerb close 1295-6

Open Int. 112,230

Total daily turnover 274,468

■ LEAD (\$ per tonne)

Cash 1212-10 1227-30

Previous 1220-20 1225-30

High/low 1220-20 1225-30

AM Official 1215-20 1220-30

Kerb close 1215-20 1225-30

Open Int. 4,552

Total daily turnover 896

■ NICKEL (\$ per tonne)

Cash 448.5-5 453.5-4

Previous 452.5-3.5 458-7

High/low 453 473/457

AM Official 453-3.5 467-7.5

Kerb close 453-3.5 467-7.5

Open Int. 36,930

Total daily turnover 11,416

■ NICKEL (\$ per tonne)

Cash 540.5-505 550.5-70

Previous 550.5-55 561.5-70

High/low 554.5/564.50 568.5/563.5

AM Official 554.5-6 560.5-7

Kerb close 554.5-6 560.5-7

Open Int. 9,537

Total daily turnover 19,063

■ TIN (\$ per tonne)

Cash 5425-35 5475-50

Previous 5380-400 5425-450

High/low 5425-450 5475-500

AM Official 5400-10 5450-5

Kerb close 5470-20 5470-20

Open Int. 20,043

Total daily turnover 8,380

■ ZINC, special high grade (\$ per tonne)

Cash 930.5-1.5 949-50

Previous 938-9 955-6

High/low 935 957/944

AM Official 934.5-5.5 952-5

Kerb close 945-6 945-6

Open Int. 110,377

Total daily turnover 24,487

■ COPPER, grade A (\$ per tonne)

Cash 1980.5-1.5 1944-5

Previous 1912.5-3.5 1922-3.5

High/low 1929/1923 1952/1935

AM Official 1925-6 1944-5

Kerb close 1925-6 1944-5

Open Int. 20,915

Total daily turnover 106,591

■ LME AM Official D5 rate: 1,4870

LME Closing D5 rate: 1,4945

Spot 1,4945 3 mths 1,4985 6 mths 1,4952

■ HIGH GRADE COPPER (COMEX)

Day's Open

Cash 91.10 91.20

Previous 90.00-0.05 90.50-0.05

High/low 91.10 91.20

Open Int. 30,670

Total daily turnover 11,769

■ LONDON BULLION MARKET (Prices supplied by M Rothchild)

Gold (Troy oz.) 2 equiv.

Gold 388.50-7.50 398.50-7.50

Opening 388.50-7.50 398.50-7.50

Morning fix 388.50 398.50

Afternoon fix 388.50 398.50

Day's High 397.10-397.20

Day's Low 395.50-396.50

Previous close 388.50-397.20

Loco Ldn Mean Gold Lending Rates (US Vss)

1 month 3.21 6 months 3.45

2 months 3.21 12 months 3.71

3 months 3.21

Silver Fix p/troy oz. US cts equiv.

Silver 44.75-4.75 45.10-4.75

Gold 2,105-0.02 2,110-0.02

Open Int. 3,000

Total daily turnover 120,218 24,159

■ PRECIOUS METALS

■ LONDON SPOT MARKETS

(Prices from Amalgamated Metal Trading)

Gold (Troy oz.) 2 equiv.

Gold 388.50-7.50 398.50-7.50

Opening 388.50-7.50 398.50-7.50

Morning fix 388.50 398.50

Afternoon fix 388.50 398.50

Day's High 397.10-397.20

Day's Low 395.50-396.50

Previous close 388.50-397.20

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1 month 3.21 6 months 3.45

2 months 3.21 12 months 3.71

3 months 3.21

Silver Fix p/troy oz. US cts equiv.

Silver 44.75-4.75 45.10-4.75

Gold 2,105-0.02 2,110

LONDON STOCK EXCHANGE

MARKET REPORT

FT-SE 100 recaptures 3,200 after bonds recover

By Steve Thompson

The London stock market regained all and more of the ground lost last Friday as dealers warmed to further encouraging news on inflation and responded to yet more hints of European interest rate cuts.

There was further comfort for London in the performance of US markets, where the long bond attracted little pressure in either direction and where the Dow Jones Industrial Average opened marginally firmer before slipping into negative territory after London closed.

Mr Ian Harnett at broker Strauss Turnbull described the London market's showing as "a tremendous performance", adding that he saw scope "for more interest rate cuts".

The FT-SE 100 Index ended a relatively subdued trading session a not

4.5 ahead at 3,233.4, just short of the day's high and easily outpacing the FT-SE Mid 250 Index of second line stocks, which rose 33.3 to 3,885.7.

London's excellent performance was part of a Europe-wide advance by bond and equity markets as some of the impetus of the recent Whitewater story in the US was lost over the weekend.

UK share prices began the new two-week trading account in good form, with dealers marking prices higher in response to Wall Street's good showing and the widespread strong gains in gilt and bonds.

The FT-SE 100 was up 11 points at the opening, a creditable performance given that no less than 15 constituents were quoted ex-dividend, equal to 13 index points.

Sentiment was given a substan-

tial boost shortly after the opening from news of much better than expected producer price numbers for February, indicating that inflationary pressures remain under control and leading to increased speculation of a further reduction in UK interest rates.

Dealers responded to the good producer price numbers by marking share prices sharply higher, attempting to head off any sizeable

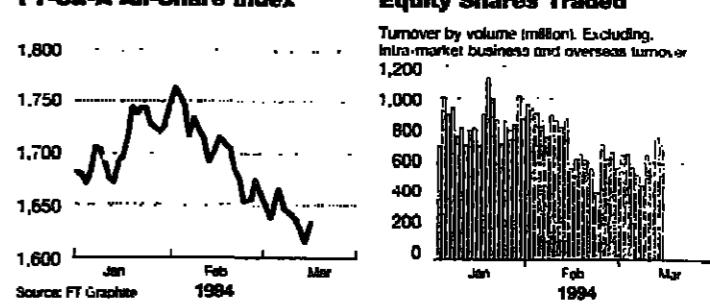
buying, and the FT-SE 100 responded by touching the day's best level, 3,236.1, up 44.2, shortly before the Wall Street opening.

The latter's reluctance to make further headway and its gradual decline as European markets closed for the day triggered small bouts of profit-taking in London, with the FT-SE 100 eventually settling for a 1.3 per cent gain on the day.

One of the more disappointing features of the trading session, dealers said, was the low level of business. Turnover was never more than modest all day and eventually reached 555.2m shares, one of the lowest daily totals this year. Non-Footsie stocks accounted for 58 per cent of the total.

Marketmakers warned that the low level of activity yesterday would drag the value of customer

FT-SE A All-Share index



Equity Shares Traded

Turnover by volume (million). Excluding

Intra-market business and overseas turnover

1,200

1,000

800

600

400

200

0

Source: FT Gazette

Jan Feb Mar

1994

FT-SE A All-Share yield

3.54 (5.58)

10 yr Gilt yield: 7.18 (7.23)

Long gilt/equity yld ratio: 2.16 (2.14)

Source: FT Gazette

Jan Feb Mar

1994

Key Indicators

Indices and ratios

FT-SE 100 3233.4 +41.5 FT Ordinary index 2546.2 +26.5

FT-SE Mid 250 3885.7 +28.3 FT-SE A Non Fins p/c 21.88 (21.70)

FT-SE A 350 1640.6 +18.9 FT-SE 100/Fut Mar 3233.0 +6.20

FT-SE A All-Sh 1632.7 +17.66 10 yr Gilt yield 7.18 (7.23)

FT-SE A All-Sh yield 3.54 (5.58) Long gilt/equity yld ratio: 2.16 (2.14)

Best performing sectors

1 Electricity +3.4 1 Engineering, Vehicles -0.7

2 Retailers, Food +2.5 2 Health Care -0.6

3 Banks +2.5 3 Transport -0.2

4 Gas Distribution +2.2 4 Other Services & Bns -0.2

5 Utilities +2.1 5 Building & Construct -0.1

Worst performing sectors

1 Engineering, Vehicles -0.7

2 Health Care -0.6

3 Banks -0.2

4 Gas Distribution -0.2

5 Utilities -0.1

Dilution fears hit Disney

A roller coaster ride in Euro Disney ended with shares in the theme park operator under severe pressure as analysts and investors took flight at the group's restructuring plan.

The day had started well for the loss-making French group as the refinancing scheme hammered out with its bankers sent the shares sharply higher in London and Paris.

Underpinning the rise was

the belief that a FFr6bn rights issue would be issued at slightly below the current share price of around FF25. However, at a subsequent meeting with the company the picture changed dramatically. Shareholders learned that the rights issue - which will more than quadruple the number of shares to 770m - was to be made at just FF10.

Euro Disney shares fell sharply on news of the potential dilution, closing a not 28 off at 390p with turnover approaching 500,000, 10 times its normal London level. Ms Rebecca Winnington-Ingram at Morgan Stanley said: "The dilution is enormous. We con-

tinue to believe that the shares are fundamentally overvalued at current levels."

A report that the industry-wide hit over the mis-selling of pensions would be only £100m, compared with a previous estimate of £1bn, gave a lift to life insurers, with Legal & General leading the way. L&G, further squeezed by a shortage of stock in the market and patchy buying ahead of figures on Thursday, rose 16 to 483p.

The report, cited in a Sunday newspaper, apparently suggested that only one person in every 10 who transferred from occupational pensions to personal plans was expected to claim. The news helped senti-

ment, although one analyst pointed out that Refuge, a small life insurer, had made £11.6m of provisions for pensions and that figure would probably translate to £1bn across the board. Refuge closed at 341p rd.

Oil major British Petroleum moved ahead 8 to 355p as consideration of the full report and accounts released on Saturday confirmed previous optimism over cost-cutting and the reserve replacement figures.

Analysts said that the disposal made good sense and would possibly happen one day but both companies had denied the speculation, which had been sparked by a Sunday newspaper report. Enterprise ended 3 up at 414p.

Oversold composite insurers, with big holdings in leading financial markets, bounded in response to rises on Wall Street, the Footsie and US bonds. Royal Insurance, regarded as the cheap buy in the sector after underperforming the All Share index by 17 per cent over the past three months improved 13 to 279p. Commercial Union lifted 5 to 563p, and Sun Alliance gained 6½ to 327p.

Rumours resurfaced that French oil group Elf was poised to sell its near 10 per cent stake in Enterprise, the exploration and production oil company. Analysts said the disposal made good sense and would possibly happen one day but both companies had denied the speculation, which had been sparked by a Sunday newspaper report. Enterprise ended 3 up at 414p.

Shell Transport

was held back by a large line of stock washing around the market.

The shares, which went ex a 15p dividend yesterday, closed unchanged at 677p after a line of 5m shares was placed in the market at 677p.

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EQUITY FUTURES AND OPTIONS TRADING

The recovery in both US and European bonds, together with renewed hopes of a reduction in interest rates, helped the derivative sector

to a steadier performance, writes Joe Kibazo.

In its last full week of trading ahead of Friday's expiry, the Liffe March

contract on the FT-SE 100 opened at 3,203, in line with the opening on the underlying cash market. Buyers encouraged by the recovery in US bonds at the end of last week helped the contract advance in early trading.

The release of encouraging February producer price data, once again led to hopes of a reduction in interest rates, encouraging increased buying of March as it climbed to its peak of 3,238 in the afternoon.

Following a bout of profit-taking March finished at 3,233, up 62 on its previous close and at parity with the cash market. Volume at the official close stood at 16,756 lots.

The Liffe FT-SE mid-250 March contract closed at 3,895 after business of 175 lots, while the same contract on the OMLX finished at 3,888.2 after trading 235 contracts.

In traded options, volume on Liffe fell to 32,435 lots with 18,471 dealt in the FT-SE 100 option and British Airways, the busiest stock option at 1,889 lots.

The UK Series

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Royal Insurance, regarded as the cheap buy in the sector after underperforming the All Share index by 17 per cent over the past three months improved 13 to 279p. Commercial Union lifted 5 to 563p, and Sun Alliance gained 6½ to 327p.

Insurance broker JIB jumped 19 to 199p after announcing top of the range profits of £21.8m and an upbeat statement.

The buoy building and construction sectors saw a dramatic improvement in the market's mood, helped by a raft of sharp moves forward. Figures from English China Clays came in ahead of market forecasts and were joined by details of the group's plans to

spin-off CAMAS, its construction materials division. The demerger will be by way of a one-for-one share issue effective on June 1. ECC shares added 13 to 524p. UBS added 13 to 450p. UBS and

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spin-off CAMAS, its construction materials division. The demerger will be by way of a one-for-one share issue effective on June 1. ECC shares added 13 to 524p. UBS added 13 to 450p. UBS and

spin-off CAMAS, its construction materials division. The demerger will be

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

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T.U. Fund Managers Limited (12000P)											
ALA Tower, Aldersgate, London EC2R 8AU											
100 Aldersgate Street, London EC2A 4AE											
Templeton Unit Trust Managers Ltd (2000P)											
100 Queen's Terrace, Edinburgh EH3 9EP											
Global Growth Fund											
Global Resource Fund											
Global Recovery Fund											
Global Fund											
Global Fund											
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S-E-Sanford Life Assurance Co Ltd									
160-170 High Rd, Cheshunt, Herts EN9 8RD									
081-997 7026									
Save & Prosper Group (I)									
19-22 Grosvenor Rd, London NW1 2LA									
0708-705026									
Scandinavians AG (Dordt Rd)									
Despatch Post									
150-152 Dordt Rd, London NW1 2LA									
0708-705025									
Scandinavians AG (Dordt Rd)									
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0708-705025									
Scandinavians AG (Dordt Rd)									

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MANAGED FUND NOTES
Prices are in price units otherwise indicated and those
designated \$ with no prefix refer to U.S. dollars. TRADE %
allow for all buying expenses. Prices of certain other Inves-
tment Fund notes subject to capital gains tax on sales. A
Description of the U.S. Fund, a Prospectus, premium information
and other information may be obtained from the Fund's
Underwriters or Distributors or from the Fund's
Administrator, c/o Ontario Trust Company, 100 University
Street, Seattle, Washington 98101. The Fund's
Administrator is not a distributor of the Fund's
notes. Funds are not registered under the
Investment Company Act of 1940 or the
Securities Act of 1933.

WORLD STOCK MARKETS

EUROPE										WORLD STOCK MARKETS													
Austria (Mar 14 / Sch)	1,080.00	+20	2,200	1,290	2.4	Leone	274	+12	218	200	1.2	NETHERLANDS (Mar 14 / Frs.)	1,200.00	-20	2,020	1,960	0.3	1,010	+30	1,150	685		
Belgium	1,234.00	+10	2,200	1,290	2.4	LyCah	584	+12	218	200	1.2	Rotterdam	938	+71	943	925	-	7,20	+12	8,50	44		
Denmark	1,280.00	+10	2,200	1,290	2.4	Magnus	189	+50	177	90	2.1	Schiedam	1,200	+30	1,150	685	-	8,400	+05	9,32	54		
Finland	1,121.00	+10	2,200	1,290	2.4	Melvin	145	+50	207	703	4.1	Schiedam	910	+10	1,292	1,307	2.1	4,100	Canada	440	+10	440	430
France	1,111.00	+10	2,200	1,290	2.4	Moskow	145	+50	207	703	4.1	Schiedam	910	+10	1,292	1,307	2.1	7,100	SNC	111	+01	211	211
Germany	1,280.00	+10	2,200	1,290	2.4	Munich	145	+50	207	703	4.1	Schiedam	910	+10	1,292	1,307	2.1	17,650	Swiss	120	+01	211	211
Iceland	1,121.00	+10	2,200	1,290	2.4	Nantes	160.70	+250	1,248	792	4.7	Schiedam	910	+10	1,292	1,307	2.1	1,000	Canada	710	+01	211	211
Ireland	1,121.00	+10	2,200	1,290	2.4	Nevers	160.70	+250	1,248	792	4.7	Schiedam	910	+10	1,292	1,307	2.1	4,100	Canada	710	+01	211	211
Italy	1,280.00	+10	2,200	1,290	2.4	Paris	528	+14	560	528	-	Schiedam	910	+10	1,292	1,307	2.1	7,100	SNC	120	+01	211	211
Latvia	1,280.00	+10	2,200	1,290	2.4	Pavia	522	+14	560	528	-	Schiedam	910	+10	1,292	1,307	2.1	1,000	Canada	710	+01	211	211
Lithuania	1,280.00	+10	2,200	1,290	2.4	Pforzheim	522	+14	560	528	-	Schiedam	910	+10	1,292	1,307	2.1	4,100	Canada	710	+01	211	211
Malta	1,280.00	+10	2,200	1,290	2.4	Prest	522	+14	560	528	-	Schiedam	910	+10	1,292	1,307	2.1	4,100	Canada	710	+01	211	211
Monaco	1,280.00	+10	2,200	1,290	2.4	Priest	522	+14	560	528	-	Schiedam	910	+10	1,292	1,307	2.1	4,100	Canada	710	+01	211	211
Norway	1,280.00	+10	2,200	1,290	2.4	Priest	522	+14	560	528	-	Schiedam	910	+10	1,292	1,307	2.1	4,100	Canada	710	+01	211	211
Portugal	1,280.00	+10	2,200	1,290	2.4	Priest	522	+14	560	528	-	Schiedam	910	+10	1,292	1,307	2.1	4,100	Canada	710	+01	211	211
Spain	1,280.00	+10	2,200	1,290	2.4	Priest	522	+14	560	528	-	Schiedam	910	+10	1,292	1,307	2.1	4,100	Canada	710	+01	211	211
Sweden	1,280.00	+10	2,200	1,290	2.4	Priest	522	+14	560	528	-	Schiedam	910	+10	1,292	1,307	2.1	4,100	Canada	710	+01	211	211
Switzerland	1,280.00	+10	2,200	1,290	2.4	Priest	522	+14	560	528	-	Schiedam	910	+10	1,292	1,307	2.1	4,100	Canada	710	+01	211	211
United Kingdom	1,280.00	+10	2,200	1,290	2.4	Priest	522	+14	560	528	-	Schiedam	910	+10	1,292	1,307	2.1	4,100	Canada	710	+01	211	211
Yugoslavia	1,280.00	+10	2,200	1,290	2.4	Priest	522	+14	560	528	-	Schiedam	910	+10	1,292	1,307	2.1	4,100	Canada	710	+01	211	211
Denmark (Mar 14 / Frs.)	1,280.00	+10	2,200	1,290	2.4	Priest	522	+14	560	528	-	Schiedam	910	+10	1,292	1,307	2.1	4,100	Canada	710	+01	211	211
Belgium (Mar 14 / Frs.)	1,280.00	+10	2,200	1,290	2.4	Priest	522	+14	560	528	-	Schiedam	910	+10	1,292	1,307	2.1	4,100	Canada	710	+01	211	211
Germany (Mar 14 / Dm)	1,280.00	+10	2,200	1,290	2.4	Priest	522	+14	560	528	-	Schiedam	910	+10	1,292	1,307	2.1	4,100	Canada	710	+01	211	211
Germany (Mar 14 / Dm)	1,280.00	+10	2,200	1,290	2.4	Priest	522	+14	560	528	-	Schiedam	910	+10	1,292	1,307	2.1	4,100	Canada	710	+01	211	211
Germany (Mar 14 / Dm)	1,280.00	+10	2,200	1,290	2.4	Priest	522	+14	560	528	-	Schiedam	910	+10	1,292	1,307	2.1	4,100	Canada	710	+01	211	211
Germany (Mar 14 / Dm)	1,280.00	+10	2,200	1,290	2.4	Priest	522	+14	560	528	-	Schiedam	910	+10	1,292	1,307	2.1	4,100	Canada	710	+01	211	211
Germany (Mar 14 / Dm)	1,280.00	+10	2,200	1,290	2.4	Priest	522	+14	560	528	-	Schiedam	910	+10	1,292	1,307	2.1	4,100	Canada	710	+01	211	211
Germany (Mar 14 / Dm)	1,280.00	+10	2,200	1,290	2.4	Priest	522	+14	560	528	-	Schiedam	910	+10	1,292	1,307	2.1	4,100	Canada	710	+01	211	211
Germany (Mar 14 / Dm)	1,280.00	+10	2,200	1,290	2.4	Priest	522	+14	560	528	-	Schiedam	910	+10	1,292	1,307	2.1	4,100	Canada	710	+01	211	211
Germany (Mar 14 / Dm)	1,280.00	+10	2,200	1,290	2.4	Priest	522	+14	560	528	-	Schiedam	910	+10	1,292	1,307	2.1	4,100	Canada	710	+01	211	211
Germany (Mar 14 / Dm)	1,280.00	+10	2,200	1,290	2.4	Priest	522	+14	560	528	-	Schiedam	910	+10	1,292	1,307	2.1	4,100	Canada	710	+01	211	211
Germany (Mar 14 / Dm)	1,280.00	+10	2,200	1,290	2.4	Priest	522	+14	560	528	-	Schiedam	910	+10	1,292	1,307	2.1	4,100	Canada	710	+01	211	211
Germany (Mar 14 / Dm)	1,280.00	+10	2,200	1,290	2.4	Priest	522	+14	560	528	-	Schiedam	910	+10	1,292	1,307	2.1	4,100	Canada	710	+01	211	211
Germany (Mar 14 / Dm)	1,280.00	+10	2,200	1,290	2.4	Priest	522	+14	560	528	-	Schiedam	910	+10	1,292	1,307	2.1	4,100	Canada	710	+01	211	211
Germany (Mar 14 / Dm)	1,280.00	+10	2,200	1,290	2.4	Priest	522	+14	560	528	-	Schiedam	910	+10	1,292	1,307	2.1	4,100	Canada	710	+01	211	211
Germany (Mar 14 / Dm)	1,280.00	+10	2,200	1,290	2.4	Priest	522	+14	560	528	-	Schiedam	910</										

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

4 pm close March 14

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1. $\mathbf{F} = \mathbf{F}_1 + \mathbf{F}_2 + \dots + \mathbf{F}_N$ (sum of N forces)

NYSE COMPOSITE PRICES

4 pm close March 14

NASDAQ NATIONAL MARKET

4 pm close March 2

NASDAQ NATIONAL MARKET											4 pm close March 2																									
Symbol	IV	52w	High	Low	Last	Chg	Stock	IV	52w	High	Low	Last	Chg	Stock	IV	52w	High	Low	Last	Chg	Stock	IV	52w	High	Low	Last	Chg									
ABE Inds x	0.20	21	24 1/2	15 1/2	14 1/2	+1 1/2	AbelStops	0.20	20	28	31 1/2	28 1/2	28 1/2	+1 1/2	Academy	0.32	21	105	14	13 1/2	13 1/2	+1 1/2	Academy	0.80	50	55	54	33 1/2	+3 1/2	Academy	0.80	50	55	54	33 1/2	+3 1/2
Accel Corp	0.12	81	81 1/2	18 1/2	18 1/2	+1 1/2	Academy	0.32	21	105	14	13 1/2	13 1/2	+1 1/2	Academy	0.40	50	55	54	33 1/2	+3 1/2	Academy	0.40	50	55	54	33 1/2	+3 1/2								
Acme Mills	21	56	25	24 1/2	24 1/2	+1 1/2	Academy	0.44	11	48	22 1/2	21 1/2	21 1/2	+1 1/2	Academy	0.44	11	48	22 1/2	21 1/2	21 1/2	Academy	0.44	11	48	22 1/2	21 1/2	21 1/2								
Acclaim Corp	31	1540	22 1/2	21 1/2	21 1/2	+1 1/2	Academy	0.48	18	370	15 1/2	15	15	+1 1/2	Academy	0.48	18	370	15 1/2	15	15	Academy	0.48	18	370	15 1/2	15	15								
Adaptabac	20	6213	21 1/2	20 1/2	21 1/2	+1 1/2	Academy	0.52	21	105	14	13 1/2	13 1/2	+1 1/2	Academy	0.52	21	105	14	13 1/2	13 1/2	Academy	0.52	21	105	14	13 1/2	+1 1/2								
ADC Tele	32	3331	36 1/2	36	39	+3 1/2	Academy	0.56	30	302	44 1/2	43 1/2	43 1/2	+1 1/2	Academy	0.60	30	302	44 1/2	43 1/2	43 1/2	Academy	0.60	30	302	44 1/2	43 1/2	43 1/2								
Addington	98	151	16 1/2	16 1/2	16 1/2	+1 1/2	Academy	0.64	7	62	27 1/2	27	27 1/2	+1 1/2	Academy	0.64	7	62	27 1/2	27	27 1/2	Academy	0.64	7	62	27 1/2	27	27 1/2								
Adia Serv	0.16	15	26	25 2/4	26	+1 1/2	Academy	0.68	20	28	6 1/2	6 1/2	6 1/2	+1 1/2	Academy	0.72	21	105	14	13 1/2	13 1/2	Academy	0.72	21	105	14	13 1/2	+1 1/2								
Adobe Sys	0.20	27	7009	34 1/2	33 3/4	+2 1/2	Academy	0.76	24	135	13 1/2	13 1/2	13 1/2	+1 1/2	Academy	0.80	18	370	15 1/2	15	15	Academy	0.80	18	370	15 1/2	15	15								
Advance C	10	242	135	13 1/2	13 1/2	+1 1/2	Academy	0.84	24	7847	28	25 1/2	25 1/2	+1 1/2	Academy	0.88	18	370	15 1/2	15	15	Academy	0.88	18	370	15 1/2	15	15								
Adv Logic	8	5158	7 1/2	5 1/2	6 1/2	+1 1/2	Academy	0.92	21	105	14	13 1/2	13 1/2	+1 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2								
Adv Polym	10	972	7 1/2	6 1/2	7	+1 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2	+1 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2								
Adv/TechLab	34	180	16 1/2	15 1/2	15 1/2	+1 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2	+1 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2								
Advanta x	0.20	17	7388	34 1/2	33 3/4	+1 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2	+1 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2								
Affymetrix	12	36	174	16 1/2	16 1/2	+1 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2	+1 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2								
Agency Re	23	316	14 1/2	13 1/2	13 1/2	+1 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2	+1 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2								
AgileNet	0.10	30	2736	22 1/2	21 1/2	+1 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2	+1 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2								
Akzo ADR	2.80	21	545	15 1/2	16 1/2	+1 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2	+1 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2								
Alaris Cp	38	2825	26	24 1/2	25 1/2	+1 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2	+1 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2								
Alaris	0.28	18	303	25 1/2	25 1/2	+1 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2	+1 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2								
Allegro B&W	15	11	8 1/2	8 1/2	8 1/2	+1 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2	+1 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2								
Allen Org	0.52	12	7	32	30	+1 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2	+1 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2								
Alton Ptn	5	749	8 1/2	8 1/2	9	+1 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2	+1 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2								
AltisCap x	1.00	12	158	14 1/2	15 1/2	+1 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2	+1 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2								
AltisCap x	1.00	12	158	14 1/2	15 1/2	+1 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2	+1 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2								
AltisCap x	1.00	12	158	14 1/2	15 1/2	+1 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2	+1 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2								
AltisCap x	1.00	12	158	14 1/2	15 1/2	+1 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2	+1 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2								
AltisCap x	1.00	12	158	14 1/2	15 1/2	+1 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2	+1 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2	Academy	0.96	11	389	13 1/2	13 1/2	13 1/2								
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AMERICA

US investors await week's economic data

Wall Street

US share prices were mixed yesterday morning, as investors cautiously awaited a batch of economic news due out later in the week, writes *Frank McGurk in New York*.

By 1pm, the Dow Jones Industrial Average was 5.81 lower at 3,856.79, while the more broadly based Standard & Poor's 500 dipped 0.25 to 466.19. Secondary markets were better, with the American SE composite up 1.49 at 487.47, and the Nasdaq composite 1.58 ahead at 790.78.

Volume on the NYSE was moderate, with 15.1m shares traded by 1pm. Advancing issues led 1,083 to 954.

After Friday's heady 32-point advance, a sober mood returned to Wall Street. Investors are facing a series of economic reports over the course of the week, and the anticipation reinforced a general sense of uncertainty which has dominated the market since the beginning of February.

Today's producer price data and tomorrow's consumer price index were commanding the most attention. With bond traders expecting the reports to supply further evidence of accelerating inflation, US Treasury prices eroded and the yield on the benchmark 30-year issue again crept within striking distance of the 7.0 per cent level.

During yesterday's session, the pessimistic scenario on inflation was reinforced by the Atlanta Federal Reserve. Its February survey of regional economic conditions showed an unsettling increase in prices paid by manufacturers in the south-east, a possible harbinger of a more general trend.

The report also indicated strong economic conditions in the region, but on balance, the likelihood of continued weakness in bonds left equity investors in a timid mood.

The negative sentiment was most evident in blue chips,

which meandered within a narrow range of opening levels during the morning.

Industrials were hurt by Disney, down 1.1% to \$45.74 on heavy volume. The stock fell on news of a restructuring plan for its Euro Disney theme park.

Technology stocks were well represented in the NYSE's most active list. Digital Equipment advanced 1.1% to \$32.62 after announcing plans to issue 20m depositary shares priced at \$25 each.

Meanwhile, International Business Machines gained 1.1% to \$57.11 and Unisys added 2% to 18.71 in volume of more than 3m shares.

Among financial issues, Chemical jumped 5.1% to \$37.5 after Mr Judah Kraushaar, an analyst at Merrill Lynch in New York, raised his rating to "buy". American Express was 5% better at \$29.4.

On the Nasdaq, Microsoft was marked up 1% to \$82.4 after the company unveiled new applications software for Apple's Macintosh computers. Apple was \$1 higher at \$88.

Analysts were impressed initially with Schering's 21 per

Canada

Toronto was stronger at mid-session, but activity remained subdued. The TSE 300 composite index was 25.04 firmer at 4,471.90 in volume of 36.4m shares, valued at C\$320m. Advancing shares outpaced declines 356 to 227, with 314 issues steady.

The base metals sector was up 39.03, or 1 per cent, to \$364.03, headed by firmness in Inco, up 2.9% at C\$33.71 and Alcan Aluminium, up 2.9% at C\$32.4.

SOUTH AFRICA

There were good rises ahead of today's futures expiry, although the general mood remained cautious. The overall and industrial indices both added 32, at 5,156 and 5,994 respectively. The golds index rose 31 to 1,964.

Italy and Germany forge ahead

By John Pitt

A wide range of performances characterised the world's equity markets last week.

Among the European components of the FT-Actuaries World Index, strong rises by both Italy and Germany, up 2.7 per cent and 1.6 per cent respectively in local currency terms, were countered by a 2.5 per cent decline in the UK, one of 1.9 per cent in Norway and 1 per cent in Switzerland.

The report also indicated strong economic conditions in the region, but on balance, the likelihood of continued weakness in bonds left equity investors in a timid mood.

The negative sentiment was most evident in blue chips,

improve competitiveness. Given the moderation in domestic cost pressures, we would expect the Buba to revert back to a more consistent pattern of easing and begin to downplay the potential inflationary risks associated with a somewhat weaker DeutscheMark."

The situation among Asia's markets remained nervous, with Malaysia and Singapore continuing to add to the falls of the previous week, partly over worries that US interest rates might be on the rise.

In spite of Japan's slight fall last week, contributing to a 0.1 per cent decline in the FT-Actuaries World Index, sentiment there remained good.

UBS Global Research, for example, forecasts that the Nikkei average will finish the financial year-end at around the 20,000 level, an estimate supported by yesterday's 2 per cent gain.

"While investors were largely chasing an illusion of economic recovery in 1993, they should be able to buy into the reality in 1994," UBS writes. "The problem in this scenario is the extent to which the exporting sectors, which are supposed to drive the recovery, have already out-

paced the market. In the electrical machinery sector, p/e ratios of a number of issues

are already at levels which are difficult to justify, even on the basis of past peak profits."

FT-SE Actuaries Share Indices

Mar 14 Daily changes Open 10.30 11.00 12.00 13.00 14.00 15.00 Close

FT-SE Eurotrack 100 1454.75 1452.40 1455.57 1455.82 1455.71 1455.70 1455.59

FT-SE Eurotrack 200 1454.19 1454.53 1454.12 1454.30 1454.04 1453.39 1453.00

Mar 14 Daily changes Open 10.30 11.00 12.00 13.00 14.00 15.00 Close

FT-SE Eurotrack 100 1451.65 1448.28 1448.47 1452.53 1452.44 1452.44

FT-SE Eurotrack 200 1471.59 1494.35 1496.03 1511.18 1511.18 1511.18

Base rates 100 1451.65; Highest 100 + 1457.81; 200 + 1467.45; Lowest 100 - 1454.79; 200 - 1462.57

FT-SE Eurotrack indices changes

The FT-SE Eurotrack Indices Committee met on Thursday March 10 and approved the following quarterly changes to the FT-SE Eurotrack 100 Index, to be made on Monday March 21, 1994:

For inclusion: Unidammark A/S (Denmark); Bancario San Paolo (Italy); Compagnie UAP (France); IMI SpA (Italy); Outenkumppu A (Finland); Volvo B (Sweden).

For exclusion: Ital Gas (Italy); Pirelli SpA (Italy); Canal Plus (France); Credito Italiano (Italy); EAS (Italy); Bayerische H & W Bank (Germany).

Indicative Reserve List: Montedison SpA (Italy); Investor A (Sweden); Philips Electronics (Netherlands); Michelin B (France); Swiss Re (Reg) (Switzerland); Bayerische H & W Bank (Germany).

Telefonica Ordinary replaces Telefonica ADR as a constituent.

Written and edited by William Cochrane, John Pitt and Michael Morgan

EUROPE

Bourses buoyant after Friday's recovery in Dow

Bourses were buoyant on Friday's late recovery on Wall Street, but there was an underlying note of caution ahead of US economic figures this week, writes *Our Markets Staff*.

FRANKFURT, relatively firm last Friday afternoon, positively took off 1.1% with the Dax index 41.68, or 2 per cent higher at 2,143.17, on another 1.1 per cent better in value of 2,169.40 at 2,169.40.

Financials returned to favour, Deutsche Bank topping a session rise of DM12.50 to DM803.50 with a further DM11 to DM14.50 after hours. Mr Horst-Kasper Greven of Merck Finck in Dusseldorf said that the turn in US bond yields, the low dollar and a firm domestic bond market - reflecting hopes for a further interest rate cut this Thursday - had produced a scenario in which Deutsche, particularly, could be expected to make money.

Foreigners were buying the big blue chips again, said Mr Greven. Turnover rose from DM8.2bn to DM8.5bn and Volkswagen, a blue chip in favour, rose DM13.70 to DM485.50 in the morning, and another DM7 to DM492.50 in the afternoon.

Analysts were impressed initially with Schering's 21 per

cent sales growth in the first two months of 1994, but a more cautious tone came into the market late in the afternoon and the shares closed with their session gain of DM16 to DM16.06.

PARIS ended the day broadly higher in line with other European markets and the positive tone from Frankfurt in particular. The CAC-40 index finished up 40.11 or 1.8 per cent at 2,215.02.

The day's main excitement was Euro Disney, which initially advanced some 5 per cent on news that the financial restructuring package had been agreed, before falling back by almost as much as investors realised that the rights issue would be extremely dilutive. The shares finished down FF12.90 to FF12.85.

Mr Michael Woodcock at Nikko Europe explained that 600m new shares would be issued at FF10 each, swelling the number in issue from 170m to 770m. The package, he said, was good news for Euro Disney, which had got its restructuring package through, and thereby would be able to half its debt to some FF10bn, but was bad news for the minority shareholders.

AMSTERDAM recouped Fri-

day's losses, the AEX index ending 5.97 or 1.4 per cent higher at 423.90.

KNP BT, the paper and packaging group, picked up Fl1.70 to Fl50.10 after reporting over the weekend that it was to declare a 45 cent dividend, and giving a bullish outlook on prospects for 1994.

Ahola and Elsevier, which are due to publish 1993 results on Thursday improved respectively by 70 cents and Fl2.90 to Fl49.40 and Fl17.80. Hoare Govett liked both, and commented that Ahola should be one of the major beneficiaries of strength in the dollar.

MILAN finished higher, but off its best, helped by strong telecoms and short-covering ahead of tomorrow's end of the monthly account. The Comit index added 8.52 or 1.3 per cent, taking its lead from strong bond and equity markets elsewhere in Europe, but the low level of business indicated that investors remained cautious.

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Cyclical stocks remained at the centre of attention. Foreign demand took Mediofanca L685 or 4.5 per cent higher to L15.87, but analysts said there was no news to account for the rise. BCI, whose privatised shares will be traded from Thursday, added L10 or 1.6 per cent to L6.21.

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Dazzled by the rising sunshine

William Dawkins discusses a biography of the failed Victorian romantic writer who interpreted a nation's dramatic transition

A FANTASTIC JOURNEY — the life and literature of Lafcadio Hearn

by Paul Murray

Japan Library, Kuroi House, 35 The Crescent, Sandgate, Kent CT20 3SE, £10.50, 379 pages

On sunny April morning 104 years ago, the small form of Peirick Lafcadio Hearn, an obscure provincial journalist, stepped ashore on the tiny Yokohama dock, after a long sea voyage from Vancouver. He was received by the white sun, of a perfect spring day. Hearn, aged 30, had arrived "in the land of drama" — surrounded by strange gods. He was to spend the 14 remaining years of his life there. "My Japanese's popularity among this mysterious people," he modestly put it. The experience transformed Hearn from a failed Victorian romantic writer who wrote there also into one of the greatest poets — in the greatest stories for which he is best known in Japan — of an era late 19th century from a medieval to a modern society. Hearn fell in love with Japan, which he saw as an orderly refuge from his own

turbulent past, and a means to artistic fulfillment. He married a Japanese, fell out with her, then he came to see the country as "sufficiently strong to defeat him, and became the first novelist to be buried there with the Buddhist rite.

This biography is, strictly speaking, a business history. Yet it is an agreeable

way of sharpening one's understanding of what has become a multi-stakeholder literary figure — so an amateur-worshipping practitioner by the ancient Greeks, and

now many other parvenus between 18th century Japan and ancient Greek society. To its credit, Paul Murray's biography does not try to run away from the past as it is, nor does it ignore the West's own moral bankruptcy. The 12 books he wrote there also include a straightforward account of Hearn's multifaceted story, by a biographer whose career as an American diplomat in New York and Tokyo parallels some of Hearn's own travels.

It is hard to pick up a blog

about Lafcadio Hearn, in Japanese

or English, without seeing that Hearn's ideas clearly reflect those he had explained to the book, are a respect for his subject's char

acter as this one does,

useful guide to the traditions

behind modern Japanese

behaviour. His administration

lives an obvious moral for

anyone negotiating with

Japanese business or Govern

ment.

Some scholars have even

claimed that the US would

have understood Japan bet-

ter if it had known about

Heinrich Heine, in Japanese

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BUSINESS BOOKS

In profile: two publishers of business books

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BUSINESS BOOKS

Show-offs, moaners, time-wasters, bullies, blamers, whiners . . .

How do you cope with impossible colleagues at work? To begin with, keep calm, says a woman who told her boss his desk was too big

Problem People at Work

by Marjorie Wheeler

168 pages

Marjorie Wheeler had just been promoted. As she sat at her desk in the management car park for the first time, the sun beat down on top of the world. The first meeting with her new boss, who spoke disdainfully of their problems, made them feel responsible and therefore less likely to complain.

By Marjorie Wheeler

200 pages

Working It Out at Work

by Julie Hay

220 pages

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Looser rules to encourage new players

Toward competition in local telephony
By William J. Baumol
and J. Gregory Stark
MIT Press, \$27.50
168 pp, \$9.95

William Baumol and J. Gregory Stark

William Baumol and J. Gregory Stark set to loosen further the long-distance structure. In that industry, new operators to build local telephone and cable television networks, while continuing a revised regulatory system to banish BT from offering entertainment services over its own network for a access" - or, as Al Gore puts it, the imperative of monopoly carriers, they currently investing nearly \$50 billion in building networks which, by no such concern as Britain, where the cable companies are regarded as providing a basic - much as Dow Jones or a rural telephone service to their customers. The Baby Bells are keen to take the lessons back home. However, it would be hard to presume that the US telephone map is going to be rewritten overnight, even if offering new broadband services to rural dwellers. The recent decision of Bell to allow local telephone companies to call on its network, following the UK's lead, Atlantic to call on its and, while it may take time, will to whom the latter paid to whom the author went to see access prices which include the opportunity cost involved in the existing

international acceptance. In the US, competitive access providers have been growing fast, competing against the local Bell companies to provide businesses with access to the long-distance structure.

The regulatory structure, with cable companies allowed to offer telephone services and vice versa.

The speed of the changes is remarkable, given

the remarkable history of

the American telephone industry.

For the non-economist, their book is a tough read, with much of the regulatory and industry rules still in place, and less than half of their non-US readers. But their

essential argument concerns two propositions: that there is room for more competition in local telephone, and that the Bell companies to compete with AT&T and the other long-distance carriers.

The first proposition is that the US is

comparing efficiently with the UK's lead.

The first proposition is government decided to break the pre-existing BT/

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